

# **Canaveral Port Authority**

Financial Statements

Years Ended September 30, 2020 and 2019

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**Public Officials**  
**September 30, 2020**

Micah Loyd  
Chairman

Wayne Justice  
Vice Chairman

Jerry W. Allender  
Secretary/Treasurer

Bob Harvey\*  
Commissioner

Robyn Hattaway  
Commissioner

Captain John Murray  
Chief Executive Officer

Harold Bistline  
Port Attorney

Michael Poole  
Chief Financial Officer

Patricia Poston  
Senior Director of Finance

Diana Mims-Reid  
Controller

\*Resigned 12/1/2020

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## Independent Auditor's Report

To the Members of the Board of Commissioners  
Canaveral Port Authority  
Cape Canaveral, Florida

We have audited the accompanying financial statements of the Canaveral Port Authority (the Authority), as of and for the years ended September 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of September 30, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and the schedule of changes in total OPEB liability be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards and state financial assistance, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards*, and Chapter 10.550, *Rules of the Auditor General, State of Florida*, the schedule of comparative revenues, expenses and changes in net position, schedule of comparative operating revenues by activity, schedule of construction in progress and capital costs compared with budget, the schedule of seaport bond program projects, and the schedule of insurance in force are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and state financial assistance is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of comparative revenues, expenses and changes in net position, schedule of comparative operating revenues by activity, the schedule of construction in progress and capital costs compared with budget, the schedule of seaport bond program projects, and the schedule of insurance in force have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2021 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*RSM US LLP*

Melbourne, Florida  
February 22, 2021



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## Canaveral Port Authority

### Management's Discussion and Analysis (Unaudited)

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As management of the Canaveral Port Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Canaveral Port Authority for the fiscal years ended September 30, 2020 and 2019. **All amounts, unless otherwise indicated, are expressed in thousands of dollars.**

#### Financial Highlights

- The assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$366,323 (*net position*). Of this amount, \$63,538 is the unrestricted net position and is available to meet the Authority's ongoing obligations to creditors.
- The Authority's total net position decreased by \$16,055. This consists of a decrease of \$27,951 for income before capital contributions and an increase in capital contributions of \$11,896.
- At the end of the current fiscal year, the unrestricted net position was 65.4% of total expenses.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of two components: enterprise financial statements and notes to the financial statements. This report also contains required supplementary information and other supplementary information, in addition to the basic financial statements themselves.

The basic financial statements report information about the Authority using full accrual basis of accounting as utilized by similar business activities in the private sector. The financial statements include a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows.

The statement of net position presents information on all of the Authority's assets and deferred outflows of resources as well as liabilities and deferred inflows of resources, with the difference between the two groups reported as total net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The statement of cash flows presents changes in cash and cash equivalents from operational, financing, and investing activities. This statement presents cash receipt and disbursement information without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The basic enterprise fund financial statements can be found on pages 2-6 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 9-35 of this report.

## Canaveral Port Authority

### Management's Discussion and Analysis (Unaudited)

In addition to the basic financial statements and accompanying notes, this report also presents other required supplementary information and other supplementary information. This supplementary information can be found on pages 39-48 of this report.

### Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. Assets exceeded liabilities as of September 30, 2020 and 2019 by \$366,323 and \$382,378, respectively.

The following table reflects the condensed statement of net position as of September 30:

	<b>Canaveral Port Authority's Net Position</b> <b>(In thousands)</b>		
	2020	2019	2018
Current and other assets	\$ 121,202	\$ 185,278	\$ 89,474
Capital assets	725,715	658,616	582,693
Total assets	846,917	843,894	672,167
Deferred outflows of resources	437	628	665
Current liabilities	55,246	57,033	45,494
Noncurrent liabilities	425,279	404,833	269,224
Total liabilities	480,525	461,866	314,718
Deferred inflows of resources	505	279	-
Net position:			
Net investment in capital assets	290,424	305,092	287,311
Restricted	12,361	12,152	5,235
Unrestricted	63,538	65,134	65,568
Total net position	\$ 366,323	\$ 382,378	\$ 358,114

By far the largest portion of the Authority's net position as of September 30, 2020 and 2019, (79.3% and 79.8%, respectively), reflects its investment in capital assets (e.g., land, buildings, improvements, equipment, intangibles and construction in progress); less any related debt used to acquire those assets that are still outstanding. These assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from operations, since the capital assets themselves cannot be used to liquidate these liabilities.

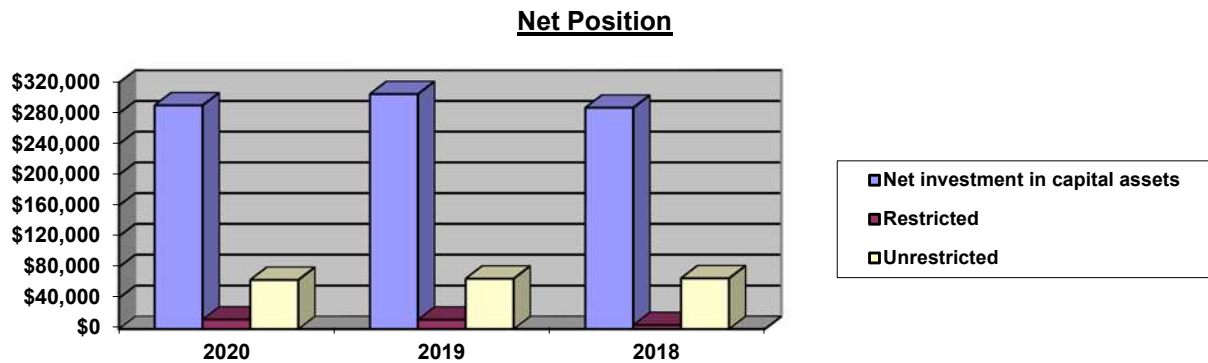
In addition, a portion of the Authority's net position as of September 30, 2020 and 2019, (3.4% and 3.2%, respectively), represents the reserve for maximum debt service restricted in accordance with existing bond covenants. The remaining balance of unrestricted net position may be used to meet the Authority's ongoing obligations to creditors. At the end of the current fiscal year, the Authority's unrestricted net position decreased by \$1,596. In the prior year, unrestricted net position decreased by \$434.

The Authority's total net position decreased by \$16,055 during the current fiscal year. Of this amount, a decrease of \$27,951 represents net income before capital contributions. The remaining increase of \$11,896 represents the capital contributions (grant proceeds) from federal and state sources. There is no assurance that these capital contributions from other sources will continue in the future.

## Canaveral Port Authority

### Management's Discussion and Analysis (Unaudited)

The Authority's net position increased by \$24,264 during fiscal year 2019. Of this amount \$9,025 represents net income before capital contributions and 15,239 pertains to capital contributions.



The following table shows condensed revenue and expense data for the years ended September 30:

#### Canaveral Port Authority's Changes in Net Position (in thousands)

	2020	2019	2018
Operating revenues:			
Fees and charges for services	\$ 67,104	\$ 106,511	\$ 101,709
Non-operating revenues:			
Investment earnings	1,601	3,413	809
Other	468	1,272	1,490
Total non-operating revenues	2,069	4,685	2,299
Total revenues	69,173	111,196	104,008
Operating expenses:			
Operations, facilities and public safety	27,097	29,691	26,950
Executive, finance and administration	11,525	10,046	9,413
Engineering and environmental	2,359	2,556	2,739
Other	5,603	6,543	6,229
Depreciation and amortization	39,535	39,086	43,622
Total operating expenses	86,119	87,922	88,953
Non-operating expenses:			
Interest	9,758	13,222	9,527
Other	1,247	1,027	1,570
Total non-operating expenses	11,005	14,249	11,097
Total expenses	97,124	102,171	100,050
Income before contributions	(27,951)	9,025	3,958
Capital contributions	11,896	15,239	9,835
Change in net position	(16,055)	24,264	13,793
Net position – beginning	382,378	358,114	344,321
Net position – ending	\$ 366,323	\$ 382,378	\$ 358,114

## **Canaveral Port Authority**

### **Management's Discussion and Analysis (Unaudited)**

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Key elements of the increase in net position for the fiscal year ended September 30, 2020, are as follows.

- Overall fees and charges for services decreased 37%. Fees and charges consist of revenues from cruise operations (including parking) and recreation (Jetty Park and Exploration Tower) which decreased 46% and 39% respectively. The effect of the COVID-19 pandemic resulted in the suspension of cruise activities and a reduction in usage of the recreation facilities. Additional operating revenues are cargo and leases which increased 4% and 5% respectively.
- Overall, non-operating revenues decreased by 56%. Non-operating revenues include investment earnings, insurance proceeds, grant revenue and gains on sale of assets or legal settlements. Investment earnings decreased by 53% due to a reduction in restricted cash and investments (bond proceeds used for construction projects). Insurance proceeds were received in FY 2019 in relation to Hurricane Irma. Grant revenue decreased by 19% due to a reduction in federal operating grants.
- Capital contributions from federal and state grants for capitalized projects decreased during the current fiscal year by \$3.3 million or 22%. This decrease was mainly due a reduced capital budget in FY 2020 and several projects (Mobile Harbor Crane, Road Improvements and Wayfinding) which received state funding being completed in FY 2019. These grant funds contributed \$11.9 million to the change in net position in the current fiscal year.

Key elements of the increase in net position for the fiscal year ended September 30, 2019, are as follows.

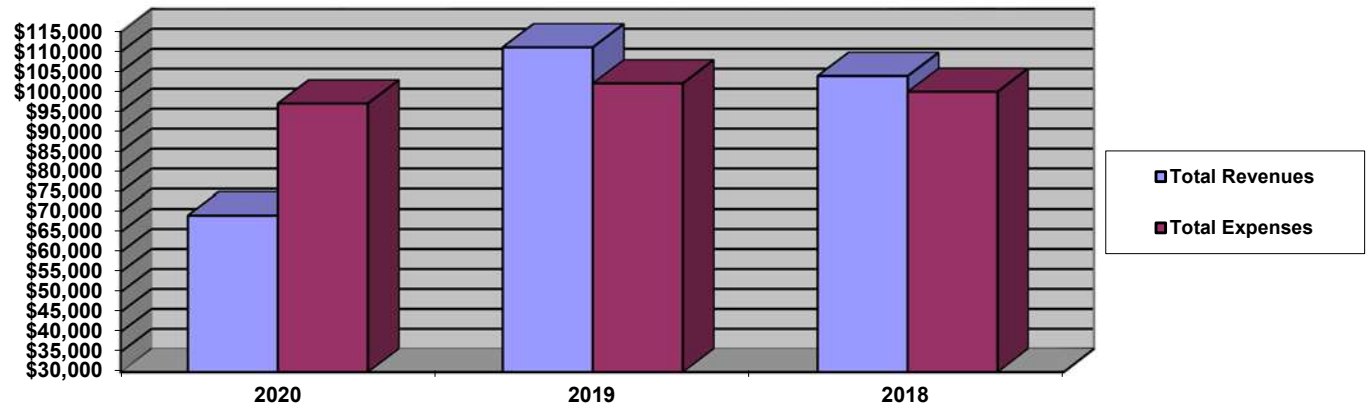
- Overall fees and charges for services increased 4.7%. Included in the overall fees and charges were revenues from cruise operations, cargo and recreation which increased 5.4%, 10% and 4.2%, respectively. The growing number of cruise passengers and additional ship visits resulted in the increase of cruise revenues of nearly \$4 million and 5.4% as compared to the prior year. Parking and land leases increased 2.1% and 4.2%, respectively. Recreation which includes Jetty Park and Exploration Tower increased nearly \$521, despite the 7-day closure for Hurricane Dorian.
- Overall, non-operating revenues increased by 103.8%. Non-operating revenues include investment earnings, insurance proceeds, grant revenue and gains on sale of assets or legal settlements. Investment earnings increased by 321.9%, gain on sale/disposal of assets decreased by 41.1%. Grant revenue decreased by 25.9%. This is attributable to the increase of operating costs covered by security related grants and timing.
- Capital contributions from federal and state grants for capitalized projects increased during the current fiscal year by \$5.4 million or 55.0%. This increase was mainly due to the collection of previously approved grant funds associated with work on North Cargo Berth 8, the Mobile Harbor Crane, Cruise Terminal 3, Port Wayfinding and Northside Cruise Roadway Network. These grant funds contributed \$15.2 million to the change in net position in the current fiscal year.

## Canaveral Port Authority

### Management's Discussion and Analysis (Unaudited)

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#### Total Revenues and Expenses



#### Capital Asset and Debt Administration

**Capital assets.** The Canaveral Port Authority's capital assets as of September 30, 2020 and 2019, amount to \$725,715 and \$658,616, respectively, (net of accumulated depreciation). These balances include land, buildings, improvements, equipment, intangibles and construction in progress. The total increase in the Authority's capital assets was 10% and an increase of 13% for fiscal years 2020 and 2019, respectively.

Major capital asset events during the current fiscal year include the following:

- Construction continued on several major projects for the Authority, including construction of a new Cruise Terminal 3 including terminal, garage, berth and passenger boarding bridges, North Cargo Berth 8 improvements, and renovations to Cruise Terminal 8. The total investment in these projects totaled \$107,139 and were offset by the total value of projects completed and moved from Construction in Progress to capital assets of \$186,891.

Several major projects included in Construction in Progress at September 30, 2019 were completed during fiscal year 2020 including:

- Cruise Terminal 3, including garage, berth, and passing boarding bridge at \$155,800
- North Cargo Berth 8 improvements at \$10,387
- Portwide Wayfinding at \$7,755
- Road Improvements at \$7,311
- Improvements to Port Security and Public Safety projects at \$1,051

Additions for the year ended September 30, 2020, were offset by depreciation expense of \$38,957 and amortization expense of \$578.

## Canaveral Port Authority

### Management's Discussion and Analysis (Unaudited)

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Major capital asset events during the fiscal year 2019 include the following:

- Construction continued on several major projects for the Authority, including construction of a new Cruise Terminal 3 including terminal, garage, berth and passenger boarding bridges, Portwide Wayfinding and Road improvements. The total investment in these projects totaled \$115,013 and were offset by the total value of projects completed and moved from Construction in Progress to capital assets of \$37,608.

Several major projects included in Construction in Progress at September 30, 2018 were completed during fiscal year 2019 including:

- North Cargo Berth 8 at \$19,191
- Mobile Harbor Crane at \$6,164
- Northside Pier Rejuvenation at \$3,236
- Acquisitions and Lease Buybacks at \$2,723
- Petroleum Transfer Platform SCP4 at \$1,731
- Cruise Terminal 1 South Parking Area at \$1,321

Additions for the year ended September 30, 2019, were offset by depreciation expense of \$38,554 and amortization expense of \$532.

#### Canaveral Port Authority's Capital Assets (net of depreciation) (in thousands)

	2020	2019	2018
Land	\$ 5,471	\$ 5,471	\$ 5,471
Buildings	214,790	147,349	153,457
Improvements other than Buildings	423,779	362,879	356,759
Equipment	47,592	28,645	29,608
Intangibles	1,344	1,781	2,312
Construction in progress	32,739	112,491	35,086
Total	<u>\$ 725,715</u>	<u>\$ 658,616</u>	<u>\$ 582,693</u>

Additional information on the Canaveral Port Authority's capital assets can be found in Note 3.C. on pages 17-18 of this report.

**Long-term debt.** At September 30, 2020 and 2019, the Canaveral Port Authority had total bonded debt outstanding of \$400,201 and \$377,690. The Canaveral Port Authority's debt represents bonds secured solely by operating revenues (i.e., revenue bonds).

The Canaveral Port Authority's total revenue bonds increased by \$22,510 (5.96%) during the current fiscal year and increased by \$99,941 (35.98%) during the prior year. The increase during the current fiscal year was due to the new bond series 2019A, 2019B, 2019C, 2019D and 2020A. The major factor for the decrease during the prior year was due to regular scheduled principal payments and no new issuances that year.

Additional information on the Canaveral Port Authority's long-term debt can be found in Note 3.F. on pages 19-26 of this report.

## **Canaveral Port Authority**

### **Management's Discussion and Analysis (Unaudited)**

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#### **Economic Factors and Next Year's Budgets and Rates**

- Due to COVID-19 we reduced our budget for operating revenue by 51.4% for the fiscal year ending September 30, 2021 due to decrease in cruise related business. Operating expenses are budgeted to decrease 57%, due to a reduction of cruise staffing and decrease in spending.

#### **Requests for Information**

This financial report is designed to provide a general overview of the Canaveral Port Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, Canaveral Port Authority, 445 Challenger Road, Suite 301, Cape Canaveral, Florida, 32920.



## **BASIC FINANCIAL STATEMENTS**

**Canaveral Port Authority**

**Statements of Net Position  
September 30, 2020 and 2019**

	2020	2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 43,630,309	\$ 36,771,950
Restricted cash and cash equivalents	29,556,279	61,095,848
Investments	26,966,174	24,510,229
Investments-restricted	-	31,200,000
Accounts receivable – trade, net	1,360,639	6,979,906
Prepaid expenses	3,096,696	2,841,810
Due from other governmental units	3,166,795	8,622,088
Inventory	482,875	412,913
Other receivables, current	106,914	184,387
<b>Total current assets</b>	<b>108,366,681</b>	<b>172,619,131</b>
Noncurrent assets:		
Restricted cash and equivalents	12,361,408	12,152,138
Other receivables, long-term	473,441	507,333
Capital assets (net of accumulated depreciation and amortization):		
Land	5,470,630	5,470,630
Buildings	214,790,483	147,348,456
Improvements other than buildings	423,778,833	362,879,203
Equipment	47,591,608	28,645,242
Intangible assets	1,344,489	1,781,110
Construction in progress	32,739,010	112,491,025
<b>Total noncurrent assets</b>	<b>738,549,902</b>	<b>671,275,137</b>
<b>Total assets</b>	<b>846,916,583</b>	<b>843,894,268</b>
Deferred outflows of resources:		
Deferred outflows – OPEB	122,406	138,748
Deferred loss on bond refunding	314,588	489,716
<b>Total deferred outflows of resources</b>	<b>436,994</b>	<b>628,464</b>

(Continued)

**Canaveral Port Authority**

**Statements of Net Position (Continued)**  
**September 30, 2020 and 2019**

	2020	2019
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 19,245,538	\$ 22,127,157
Unearned revenue	1,644,893	1,734,215
Payroll and sales taxes payable	48,725	179,918
Revenue bonds payable, current portion	14,997,667	13,224,873
Compensated absences, current portion	15,419	830
Line of credit	14,985,543	14,985,543
Other liabilities, current portion	50,000	100,000
Payable from restricted assets:		
Accrued interest payable	4,099,999	4,560,896
Revenue bonds payable, current portion	158,333	120,000
<b>Total current liabilities</b>	<b>55,246,117</b>	<b>57,033,432</b>
Noncurrent liabilities:		
Revenue bonds payable, less current portion	390,773,990	370,317,708
Compensated absences, less current portion	1,069,336	986,756
Line of credit	30,786,492	30,786,492
Net OPEB obligation	1,527,960	1,628,077
Other liabilities, long-term portion	1,120,792	1,113,739
<b>Total noncurrent liabilities</b>	<b>425,278,570</b>	<b>404,832,772</b>
<b>Total liabilities</b>	<b>480,524,687</b>	<b>461,866,204</b>
Deferred inflows of resources:		
Deferred inflows – OPEB	505,475	278,708
Net position:		
Net investment in capital assets	290,424,388	305,091,865
Restricted for debt service	12,361,408	12,152,138
Unrestricted	63,537,619	65,133,817
<b>Total net position</b>	<b>\$ 366,323,415</b>	<b>\$ 382,377,820</b>

See notes to financial statements.

# Canaveral Port Authority

## Statements of Revenues, Expenses and Changes in Net Position Years Ended September 30, 2020 and 2019

	2020	2019
Operating revenues:		
Fees and charges for services	\$ 67,104,170	\$ 106,511,432
Operating expenses:		
Operations	6,966,200	9,216,703
Facilities	10,028,353	10,772,819
Parks and recreation	1,423,202	1,586,956
Exploration tower	434,615	634,469
Public safety	10,102,808	9,700,799
Fire training facility	235,439	299,103
Commission	292,768	331,674
Executive	1,741,176	1,829,108
Finance and accounting	1,705,594	1,716,615
Administrative services	8,078,505	6,500,713
Engineering and environmental	2,359,435	2,555,874
Business development	1,524,975	1,713,734
Tenant and property development	510,372	798,007
Government and strategic communications	1,181,130	1,179,495
Depreciation	38,956,733	38,554,203
Amortization	577,821	531,532
<b>Total operating expenses</b>	<b>86,119,126</b>	<b>87,921,804</b>
<b>Operating (loss) income</b>	<b>(19,014,956)</b>	<b>18,589,628</b>
Non-operating revenues:		
Investment earnings	1,600,821	3,412,808
Insurance proceeds	-	658,975
Grant revenue	460,826	567,455
Gain on sale/disposal of assets	7,356	45,621
<b>Total non-operating revenues</b>	<b>2,069,003</b>	<b>4,684,859</b>
Non-operating expenses:		
Interest expense	9,757,523	13,222,110
Loss on disposal of capital assets	505,000	5,027
Other non-operating expenses	742,384	1,022,751
<b>Total non-operating expenses</b>	<b>11,004,907</b>	<b>14,249,888</b>
<b>(Loss) income before capital contributions</b>	<b>(27,950,860)</b>	<b>9,024,599</b>
Capital contributions	11,896,455	15,239,301
<b>Change in net position</b>	<b>(16,054,405)</b>	<b>24,263,900</b>
Net position, beginning of year	382,377,820	358,113,920
Net position, end of year	\$ 366,323,415	\$ 382,377,820

See notes to financial statements.

**Canaveral Port Authority**

**Statements of Cash Flows**

**For the Years Ended September 30, 2020 and 2019**

	2020	2019
Cash flows from operating activities:		
Cash received from customers and users	\$ 72,745,480	\$ 105,515,867
Cash paid to suppliers for goods and services	(32,268,556)	(34,391,787)
Cash payments to employees for services	(14,242,036)	(13,910,454)
<b>Net cash provided by operating activities</b>	<b>26,234,888</b>	<b>57,213,626</b>
Cash flows from non-capital financing activities:		
Grant revenue received	460,826	567,455
Insurance proceeds	-	2,053,350
<b>Net cash provided by non-capital financing activities</b>	<b>460,826</b>	<b>2,620,805</b>
Cash flows from capital and related financing activities:		
Interest paid on revenue bonds	(13,762,863)	(12,025,589)
Proceeds from revenue bonds	170,504,000	118,155,896
Costs of bond issuance	(366,434)	(772,440)
Principal paid on revenue bonds	(147,993,609)	(12,052,895)
Acquisition and construction of capital assets	(107,252,728)	(106,296,357)
Proceeds from line of credit	14,985,543	45,772,035
Payments made on line of credit	(14,985,543)	(15,985,543)
Proceeds from sale of capital assets	7,356	-
Contributed capital	17,351,748	12,108,383
<b>Net cash (used in) provided by capital and related financing activities</b>	<b>(81,512,530)</b>	<b>28,903,490</b>
Cash flows from investing activities:		
Interest received on investments	1,252,896	2,618,918
Purchase of investments	(2,108,020)	(54,916,339)
Proceeds from sale of investments	31,200,000	469,974
<b>Net cash provided by (used in) investing activities</b>	<b>30,344,876</b>	<b>(51,827,447)</b>
<b>Net (decrease) increase in cash and equivalents</b>	<b>(24,471,940)</b>	<b>36,910,474</b>
Cash and cash equivalents:		
Beginning of year	110,019,936	73,109,462
End of year	<b>\$ 85,547,996</b>	<b>\$ 110,019,936</b>

(Continued)

# Canaveral Port Authority

## Statements of Cash Flows (Continued) For the Years Ended September 30, 2020 and 2019

	2020	2019
Reconciliation of operating income to net cash provided by operating activities:		
Operating (loss) income	\$ (19,014,956)	\$ 18,589,628
Adjustment to reconcile operating income to net cash provided by operating activities		
Depreciation expense	38,956,733	38,554,203
Amortization expense	577,821	531,532
(Increase) decrease in assets:		
Accounts receivable	5,619,267	(1,157,571)
Inventory	(69,962)	(272,403)
Other receivables	111,365	14,574
Prepaid expenses	(254,886)	(706,893)
Deferred outflows of resources – OPEB	16,342	(138,748)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	332,805	1,254,245
Unearned revenue	(89,322)	147,433
Compensated absences	97,169	181,860
Net OPEB obligation	(100,117)	51,690
Deferred inflows of resources – OPEB	226,767	278,708
Other liabilities	(42,946)	(93,144)
Payroll and sales tax payable	(131,192)	(21,488)
<b>Total adjustments</b>	<b>45,249,844</b>	<b>38,623,998</b>
<b>Net cash provided by operating activities</b>	<b>\$ 26,234,888</b>	<b>\$ 57,213,626</b>

Supplemental schedule of noncash investing, capital and financing activities:

During 2020 and 2019, the Authority recorded an unrealized gain on investments of \$347,925 and \$793,890, respectively.

During 2020 and 2019, the Authority's balance in due from other governmental units relating to capital contributions is \$3,166,795 and \$8,367,452, respectively.

On September 30, 2020 and 2019, the Authority had capital asset additions included in accounts payable of \$13,459,507 and \$16,874,749, respectively.

See notes to financial statements.

## **Canaveral Port Authority**

### **Notes to Financial Statements**

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## **Canaveral Port Authority**

### **Notes to Financial Statements**

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#### **Note 1. Summary of Significant Accounting Policies**

##### **A. Reporting Entity**

The Canaveral Port Authority (the Authority) is the governing body of the Canaveral Harbor Port Authority, an independent special taxing Authority and a political subdivision of the state of Florida (the State) which was established in 1953 by Chapter 28922, Laws of Florida, and Special Acts of 1953, as amended in 2014. The Authority is composed of one commissioner elected from each of the five districts created by the Enabling Act.

##### **B. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The Authority is a special purpose government entity engaged in business type activities and uses a single enterprise fund for the presentation of its financial statements. Enterprise fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The Authority operates as an enterprise fund that accounts for the construction, operation and maintenance of the Authority. An enterprise fund is a type of proprietary fund that provides services to the general public. This fund is used to account for the acquisition, operation and maintenance of governmental facilities and services which are entirely or predominantly self-supported by user charges. The operations of the Authority are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are fees and charges for cruise ships, cargo ships and land leases. Operating expenses include costs to operate and maintain facilities of the Authority, administrative expenses and depreciation and amortization expenses related to long-lived assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

##### **C. Assets, Liabilities and Net Position**

###### **1. Cash and Cash Equivalents**

Florida state statutes authorize the government to invest in the Local Government Surplus Funds Trust Fund (Florida PRIME), an external investment pool, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating, interest-bearing time deposits or savings accounts in qualified public depositories and direct obligations of the U. S. Treasury.

Florida Prime is administered by the Florida State Board of Administration, who provides regulatory oversight. The Authority's investment in Florida Prime is reported at amortized cost. The fair value of the Authority's position in Florida PRIME is equal to the value of pooled shares. The Authority also invests in Florida Public Assets for Liquidity Management (PALM). PALM is a common law trust organized under the laws of the State of Florida and offers a short-term investment program with the objective of maintaining a \$1 net asset value (NAV).

## Canaveral Port Authority

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### C. Assets, Liabilities and Net Position (Continued)

###### 1. Cash and Cash Equivalents (Continued)

Cash and cash equivalents include cash deposits, short-term investments with original maturities of three months or less from the date of acquisition.

###### 2. Accounts and Other Receivables

Management considers most accounts and other receivables to be fully collectible; however, the Authority has created an allowance for those, where based upon historical attempts at collection, it deems collection to be unlikely. The allowance for the years ended September 31, 2020 and 2019, was \$50,000.

###### 3. Inventory

Inventory is stated at cost, using the first-in, first-out inventory method.

###### 4. Capital Assets

Capital assets are defined by the Authority as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at cost, if purchased and at acquisition value at date of gift, if donated. Major additions are capitalized while maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense. Contributions received in aid of construction are credited to capital contributions and do not reduce the cost of the assets acquired with such contributions. Costs associated with deepening and widening the channel increases the potential service utility of the port and is recorded as a non-depreciable capital assets.

Depreciation is recognized on the straight-line method over the estimated useful lives of the assets. The following estimated useful lives are used for depreciation purposes:

Classification	Range of Lives (Years)
Buildings	30
Improvements other than buildings	5-40
Equipment	3-20

###### 5. Deferred Outflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement section, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenses) until that time. The Authority currently reports losses on bond refunding and items related to other post-employment benefits in this section.

###### 6. Restricted Assets

Debt proceeds and funds set aside for payment of revenue bonds and construction projects are classified as restricted assets on the statements of net position because their use is limited by applicable bond indentures.

## **Canaveral Port Authority**

### **Notes to Financial Statements**

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### **C. Assets, Liabilities and Net Position (Continued)**

###### **7. Compensated Absences**

All permanent employees of the Authority are eligible for annual leave. Each employee working a normal week earns vacation leave at certain rates depending on the employee's length of service. All annual leave is accrued when earned in the statements of net position. There is no liability for unpaid accumulated sick leave since the Authority does not have a policy to pay such amounts upon termination.

###### **8. Deferred inflows of Resources**

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement section, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority currently reports items related to pensions and other post-employment benefits in this section.

###### **9. Net Position – Net Investment in Capital Assets**

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of bonds, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets and any deferred losses on bond refunding. Significant portions of unexpended capital debt are not included in this category of net position.

###### **10. Net Position – Restricted**

The Authority's statements of net position reports a restriction on net position that is maintained for a specific purpose. The nature and purpose of this restriction represent, in accordance with legal restrictions, amounts for payment of principal and interest maturing in later years.

###### **11. Net Position – Unrestricted**

This category represents the net position of the Authority, which is not restricted for any project or other purpose.

##### **D. Revenues and Expenses**

###### **1. Operating Revenues and Expenses**

Operating revenues are recorded when earned and expenses are recorded when incurred. Revenues and expenses relating to the Authority's property and operations included wharfage, dockage, line handling, water services, crane rentals, property leases, commercial vehicle, parks and recreation entrance and usage fees, fire training, parking fees and other port services. All other revenues and expenses are classified as non-operating.

###### **2. Grants**

Grants restricted for capital acquisition and construction are recorded as capital contributions. Grant revenue that can be used for operating purposes is classified as nonoperating revenue. They are considered earned when all applicable eligibility requirements have been met and it is earned by the Authority.

## Canaveral Port Authority

### Notes to Financial Statements

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### **D. Revenues and Expenses (Continued)**

##### **3. Amortization**

The Authority recognizes amortization on these intangible assets as follows:

Category	Period (Years)	Method
Computer Software	10	Straight-line
Trademarks	5	Straight-line

##### **4. Capitalized Interest**

The Authority's policy is to capitalize interest costs related to construction projects in accordance with accounting principles generally accepted in the United States (GAAP). The net effect of interest expense and interest income generated from borrowings used for construction projects in progress are capitalized through the date the project is substantially complete and ready for its intended use. During the years ended September 30, 2020 and 2019, \$3,301,461 and \$342,052, respectively, of interest expense was capitalized.

##### **E. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### **F. Reclassification**

In the current year, certain amounts in the prior year financial statements have been reclassified to conform to the 2020 presentation.

#### **Note 2. Budgetary Information**

The Authority's enabling legislation requires adoption of an annual operating budget. The Board of Commissioners (Board) of the Authority adopts an annual operating and capital improvement budget resolution prior to September 30, for the next ensuing fiscal year. The Authority's budgets are prepared on the accrual basis of accounting which is consistent with GAAP. Operating budgets for the enterprise fund are based on level of service expectations. Capital improvement projects are budgeted to provide control over authorized project expenses and ensure legal compliance.

Budget control is maintained at the departmental level. Actions which change the annual budget must be authorized by the Board. Budget amounts have been adjusted for legally authorized revisions of the annual budgets approved during the year.

The Authority has statutory authority to levy ad valorem taxes up to three (3) mills annually on all taxable property within the Authority's district boundaries for operation, maintenance, and improvement of Authority facilities. The Authority has not levied property taxes since 1986 and does not expect to do so in the foreseeable future.

## Canaveral Port Authority

### Notes to Financial Statements

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#### Note 3. Detail Notes

##### A. Deposits and Investments

At September 30, 2020 and 2019, the carrying amount of the Authority's recorded deposits with financial institutions was \$28,468,219 and \$24,890,946, respectively, and the bank balance was \$31,938,503 and \$25,879,126, respectively. In addition, the Authority held \$500 of petty cash at September 30, 2020 and 2019.

The investing of public funds Florida Prime is governed by Section 218.407, Florida Statutes. Florida Prime is under the regulatory oversight of the State of Florida. This investment pool consists largely of bank instruments, asset-backed security, and commercial paper. The pool operates essentially as a money market fund but is classified as an external investment pool. The weighted average days to maturity of Florida Prime was 48 days, as of September 30, 2020. On September 30, 2020 and 2019, the Authority had \$1,229,678 and \$1,215,264, respectively, invested in Florida Prime.

As of September 30, 2020 and 2019, cash equivalents placed in money market accounts with FL PALM was \$55,850,099 and \$83,913,726, respectively.

Florida Statutes, Chapter 280, Florida Security for Public Deposit Act (the Act) prescribes that the deposit authority of the Authority's policy conforms to state statute. Deposits whose value exceeds the limits of federal depository insurance (FDIC) are entirely insured or collateralized pursuant to the Act. Under the Act, every qualified public depository shall deposit with the Florida Treasury eligible collateral of the depository to be held subject to his or her order. The Florida Treasurer, by rule, shall establish minimum required collateral pledging levels. The pledging level may range from 25% to 200% of the average monthly balance of public deposits with an approved financial institution. The Public Deposit Security Trust Funds (Florida PRIME and PALM) have a procedure to allocate and recover losses in the event of default or insolvency. The Authority depositories at year end were designated as qualified public depositories. All bank balances were covered by the FDIC and the banks' participation in the Florida Security for Public Deposit Act.

At September 30, all cash and cash equivalents were as follows:

	2020	2019
Deposits with financial institutions	\$ 28,468,219	\$ 24,890,946
Deposits with Florida Prime	1,229,678	1,215,264
Deposits with Florida PALM	55,850,099	83,913,726
Total cash and cash equivalents	<u>\$ 85,547,996</u>	<u>\$ 110,019,936</u>
Reconciliation to the statement of Net Position:		
Cash and cash equivalents, current	\$ 43,630,309	\$ 36,771,950
Cash and cash equivalents, current – restricted	29,556,279	61,095,848
Cash and cash equivalents, noncurrent	12,361,408	12,152,138
Total cash equivalents	<u>\$ 85,547,996</u>	<u>\$ 110,019,936</u>

## **Canaveral Port Authority**

### **Notes to Financial Statements**

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#### **Note 3. Detail Notes (Continued)**

##### **A. Deposits and Investments (Continued)**

###### ***Credit Risk***

The Authority's investment policy addresses credit risk by restricting the types of investments in which it can invest, consistent with limitations defined in Florida Statutes 218.415.

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority's investment policy permits the following investments, which are limited to credit quality ratings from nationally recognized rating agencies as described below:

Commercial paper of any United States company or foreign company domiciled in the United States that is rated, at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's (prime commercial paper), or equivalent as provided by two nationally recognized rating agencies. If the commercial paper is backed by a letter of credit (LOC), the long-term debt of the LOC provider must be rated "A" or better by at least two nationally recognized rating agencies. Florida Prime and Florida PALM were rated AAAM by Standard & Poor's at September 30, 2020 and at September 30, 2019.

Corporate bonds issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a long-term debt rating, at the time of purchase, at a minimum "A" by Moody's and a minimum long-term debt rating of "A" by Standard & Poor's, or equivalent as provided by two nationally recognized rating agencies.

Supranational in which the U.S. is a shareholder and a voting member. Must have the highest short- or long-term credit rating as provided by a nationally recognized credit agency.

###### ***Custodial Credit Risk***

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Authority's investment policy requires securities be held by a third-party custodian and be properly designated as an asset of the Authority and held in the Authority's name. As of September 30, 2020, and 2019, the Authority's investment portfolio was held with a third-party custodian and designated as Authority assets and held in the Authority's name, as required by the Authority's investment policy.

## Canaveral Port Authority

### Notes to Financial Statements

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#### Note 3. Detail Notes (Continued)

##### A. Deposits and Investments (Continued)

###### **Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the Authority's investment policy, investments should be invested to match investment maturities with known cash needs and anticipated cash flow requirements. The Authority's investment policy does not limit the maturities of investments to reduce the interest rate risk.

###### **Fair Value Measurements**

The Authority's investments are reported at fair value using quoted market price or other fair value techniques as required by the Government Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurements*. Fair value is defined by GASB Statement No. 72, as the price that would be received to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date. Categorizes within the fair value hierarchy include: Level 1 inputs are quoted priced in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are unobservable inputs.

As of September 30, 2020 and 2019 the Authority reported investments at fair value. Fair value for all of the Authority's investments in debt were measured using Level 1 and Level 2 techniques. Florida Prime is valued at amortized cost and Florida PALM is measured at NAV. Certificates of deposits are not subject to fair value hierarchy.

At September 30, 2020, the Authority's summary of the fair value hierarchy of investments are as follows:

Investments	Amount	Fair Value Measurements Using	
		Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level:			
U.S. Government Securities	\$ 13,320,034	\$ 4,938,643	\$ 8,381,391
Corporate Issues	11,794,584	-	11,794,584
Supranationals	260,120	-	260,120
Municipal Issues	1,119,521	-	1,119,521
Total Investments by Fair Value Level	\$ 26,494,259	\$ 4,938,643	\$ 21,555,616

## Canaveral Port Authority

### Notes to Financial Statements

#### Note 3. Detail Notes (Continued)

##### A. Deposits and Investments (Continued)

At September 30, 2019, the Authority's summary of the fair value hierarchy of investments are as follows:

Investments	Amount	Fair Value Measurements Using	
		Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level:			
U.S. Government Securities	\$ 10,109,326	\$ 7,094,556	\$ 3,014,700
Corporate Issues	11,424,105	-	11,424,105
Supranationals	2,024,505	-	2,024,505
Municipal Issues	481,849	-	481,849
Total Investments by Fair Value Level	\$ 24,039,785	\$ 7,094,556	\$ 16,945,159

#### Concentration of Credit Risk

The Authority's investment policy does not specifically address concentration of credit risk. However, the policy indicates that investments should be diversified to control the risk of loss resulting from over concentration of assets.

At September 30, 2020, the Authority had the following investments:

Investment Type	Amount	Investment Maturities (in years)				Rating	Agency
		Less than 1	1-5	6-10	Over 10		
Investments:							
Certificates of Deposit	\$ 471,915	\$ 471,915	\$ -	\$ -	\$ -	Not Rated	-
U.S. Government Securities	13,320,034	-	12,243,094	706,870	370,070	AA	S&P
Corporate Issues	11,794,584	-	11,794,584	-	-	BBB-AAA	S&P
Supranationals	260,120	-	260,120	-	-	AAA	S&P
Municipal Issues	1,119,521	-	1,119,521	-	-	A-AAA	S&P
	\$ 26,966,174	\$ 471,915	\$ 25,417,319	\$ 706,870	\$ 370,070		

At September 30, 2019, the Authority had the following investments:

Investment Type	Amount	Investment Maturities (in years)				Rating	Agency
		Less than 1	1-5	6-10	Over 10		
Investments:							
Florida PALM	\$ 31,200,000	\$ 31,200,000	\$ -	\$ -	\$ -	AAAm	S&P
Certificates of Deposit	470,444	470,444	-	-	-	Not Rated	-
U.S. Government Securities	10,109,326	-	9,130,823	534,851	443,652	AA	S&P
Corporate Issues	11,424,105	-	11,424,105	-	-	BBB-AAA	S&P
Supranationals	2,024,505	-	2,024,505	-	-	AAA	S&P
Municipal Issues	481,849	-	481,849	-	-	AA-AAA	S&P
	\$ 55,710,229	\$ 31,670,444	\$ 23,061,282	\$ 534,851	\$ 443,652		



## Canaveral Port Authority

### Notes to Financial Statements

#### Note 3. Detail Notes (Continued)

##### B. Restricted Assets

Debt proceeds and funds set aside for payment of revenue bonds and construction projects are classified as restricted cash and cash equivalents and restricted investments since their use is limited by applicable bond indentures.

	2020	2019
Debt proceeds	\$ 29,556,279	\$ 92,295,848
Bond reserve	12,361,408	12,152,138
Total	<u>\$ 41,917,687</u>	<u>\$ 104,447,986</u>

##### C. Capital Assets

Capital asset activity for the years ended September 30, was as follows:

	2020			
	Balance October 1, 2019	Increases	Decreases	Balance September 30, 2020
Capital assets, not being depreciated/amortized:				
Land	\$ 5,470,630	\$ -	\$ -	\$ 5,470,630
Construction in progress	112,491,025	107,138,941	(186,890,956)	32,739,010
Total capital assets, not being depreciated/amortized	<u>117,961,655</u>	<u>107,138,941</u>	<u>(186,890,956)</u>	<u>38,209,640</u>
Capital assets, being depreciated/amortized:				
Buildings	197,506,633	77,692,119	(570,000)	274,628,752
Improvements other than buildings	622,360,595	81,525,919	(2,507,401)	701,379,113
Equipment	89,052,413	27,531,718	(437,296)	116,146,835
Intangible assets	16,860,707	141,200	-	17,001,907
Total capital assets being depreciated/amortized	<u>925,780,348</u>	<u>186,890,956</u>	<u>(3,514,697)</u>	<u>1,109,156,607</u>
Less accumulated depreciation/amortization for:				
Buildings	(50,158,177)	(9,799,792)	119,700	(59,838,269)
Improvements other than buildings	(259,481,392)	(20,554,631)	2,435,743	(277,600,280)
Equipment	(60,407,171)	(8,585,352)	437,296	(68,555,227)
Intangible assets	(15,079,597)	(577,821)	-	(15,657,418)
Total accumulated depreciation/amortization	<u>(385,126,337)</u>	<u>(39,517,596)</u>	<u>2,992,739</u>	<u>(421,651,194)</u>
Total capital assets, being depreciated/ amortized, net	<u>540,654,011</u>	<u>147,373,360</u>	<u>(521,958)</u>	<u>687,505,413</u>
Capital assets, net	<u>\$ 658,615,666</u>	<u>\$ 254,512,301</u>	<u>\$ (187,412,914)</u>	<u>\$ 725,715,053</u>

## Canaveral Port Authority

### Notes to Financial Statements

#### Note 3. Detail Notes (Continued)

##### C. Capital Assets (Continued)

	2019			Balance September 30, 2019
	Balance September 30, 2018	Increases	Decreases	
Capital assets, not being depreciated/amortized:				
Land	\$ 5,470,630	\$ -	\$ -	\$ 5,470,630
Construction in progress	35,085,883	115,013,154	(37,608,012)	112,491,025
Total capital assets, not being depreciated/amortized	40,556,513	115,013,154	(37,608,012)	117,961,655
Capital assets, being depreciated/amortized:				
Buildings	194,300,342	3,212,101	(5,810)	197,506,633
Improvements other than buildings	598,569,675	26,461,766	(2,670,846)	622,360,595
Equipment	81,608,052	7,934,145	(489,784)	89,052,413
Intangible assets	16,860,707	-	-	16,860,707
Total capital assets being depreciated/amortized	891,338,776	37,608,012	(3,166,440)	925,780,348
Less accumulated depreciation/amortization for:				
Buildings	(40,842,756)	(9,321,231)	5,810	(50,158,177)
Improvements other than buildings	(241,810,852)	(20,347,214)	2,676,674	(259,481,392)
Equipment	(52,000,342)	(8,885,758)	478,929	(60,407,171)
Intangible assets	(14,548,065)	(531,532)	-	(15,079,597)
Total accumulated depreciation/amortization	(349,202,015)	(39,085,735)	3,161,413	(385,126,337)
Total capital assets, being depreciated/amortized, net	542,136,761	(1,477,723)	(5,027)	540,654,011
Capital assets, net	\$ 582,693,274	\$ 113,535,431	\$ (37,613,039)	\$ 658,615,666

Intangible assets include computer software, a trademark and port master plan.

##### D. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses are comprised of the following as of September 30:

	2020	2019
Accounts and contracts payable	\$ 14,055,019	\$ 17,170,868
Retainages payable	4,347,511	4,190,399
Accrued payroll and employee benefits	843,008	765,890
	<u>\$ 19,245,538</u>	<u>\$ 22,127,157</u>

## **Canaveral Port Authority**

### **Notes to Financial Statements**

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#### **Note 3. Detail Notes (Continued)**

##### **E. Other Liabilities**

As required by GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, the Authority recognizes certain remediation obligations in its financial statements. The Authority's staff, working in conjunction with outside environmental specialists, developed detailed plans and cost estimates of the pollution remediation. The total estimated and recorded liabilities for the remediation at September 30, 2020 and 2019 are \$681,255 and \$776,444, respectively. Such amounts are recorded as a component of accounts payable as accrued expenses in the statements of net position.

##### **F. Revenue Bonds Payable**

The revenue bonds are secured by and payable from the gross operating revenues of the Authority. The proceeds of these issues were used for capital improvements and refunding certain outstanding issues of the Authority.

The resolutions applicable to the revenue bonds require the establishment of various bond principal and interest sinking funds and reserve accounts with various requirements for deposits. These requirements have been met for the fiscal years ended September 30, 2020 and 2019.

## Canaveral Port Authority

### Notes to Financial Statements

#### Note 3. Detail Notes (Continued)

##### F. Revenue Bonds Payable (Continued)

A summary of long-term debt at September 30, is as follows:

	2020	2019
Port Improvement Revenue Bonds, Series 2010	\$ -	\$ 14,514,336
Port Revenue Refunding Bonds, Series 2012	1,030,000	2,041,000
Port Improvement Revenue Bonds, Series 2013	-	10,084,000
Port Improvement Revenue Bonds, Series 2013A	-	17,829,000
Port Improvement Revenue Bonds, Series 2014	-	93,324,273
Port Revenue Refunding Bonds, Series 2015	1,870,000	3,700,000
Port Revenue Refunding Bonds, Series 2016A	23,773,062	23,773,062
Port Revenue Refunding Bonds, Series 2016B	38,000,000	38,000,000
Port Improvement and Refunding Revenue Bonds, Series 2016C	34,925,000	35,285,000
Port Improvement Revenue Bonds, Series 2016D	27,145,000	27,145,000
Port Improvement Revenue Bonds, Series 2018A	44,995,000	44,995,000
Port Improvement Revenue Bonds, Series 2018B	30,000,000	30,000,000
Port Improvement Revenue Bonds, Series 2018C	36,055,000	37,000,000
Port Revenue Refunding Bonds, Series 2019A	9,087,000	-
Port Revenue Refunding Bonds, Series 2019B	27,067,000	-
Port Revenue Refunding Bonds, Series 2019C	55,865,000	-
Port Revenue Refunding Bonds, Series 2019D	34,389,000	-
Port Improvement Revenue Bonds, Series 2020A	36,000,000	-
Total revenue bonds	400,201,062	377,690,671
Plus: unamortized premiums	5,728,928	5,971,910
Less: current maturities	(15,156,000)	(13,344,873)
Revenue bonds payable, less current portion	\$ 390,773,990	\$ 370,317,708

#### PORT IMPROVEMENT REVENUE BONDS, SERIES 2010

On December 21, 2010, the Authority issued Port Improvement Revenue Bonds, Series 2010 in the principal amount of \$42,000,000 to fund various capital improvements. Gross revenues are pledged for repayment of these bonds.

The Series 2010 bonds bear interest at a fixed rate of 3.144% per annum, payable semi-annually on June 1 and December 1. Principal is due annually beginning June 1, 2011, in amounts increasing from \$2,702,460 to \$3,798,771 at final maturity in 2023. The Series 2010 bonds were refunded during the 2020 fiscal year.

#### PORT REVENUE REFUNDING BONDS, SERIES 2012

On March 6, 2012, the Authority issued Port Revenue Refunding Bonds, Series 2012 in the principal amount of \$8,747,000: (i) to currently refund all of the Authority's Port Improvement Revenue Refunding Bonds, Series 2002B, and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds.

The Series 2012 bonds bear interest at a fixed rate of 1.75% per annum, payable semi-annually on June 1 and December 1. Principal is due annually beginning with a June 1, 2012 amount of \$27,000 and a final payment of \$1,030,000 in 2021.

## **Canaveral Port Authority**

### **Notes to Financial Statements**

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#### **Note 3. Detail Notes (Continued)**

##### **F. Revenue Bonds Payable (Continued)**

The Series 2012 bonds maturing on or after June 1, 2017, are subject to redemption upon notice prior to maturity, in whole or in part on any interest date payment, at a redemption price equal to 100% of the principal amount of the Series 2012 bonds to be redeemed, plus accrued interest to the redemption date.

##### **PORT IMPROVEMENT REVENUE BONDS, SERIES 2013**

On November 15, 2013, the Authority issued Port Improvement Revenue Bonds, Series 2013 in the principal amount of \$15,053,000 to fund the capital improvement project of a welcome center at the Cove. Gross revenues are pledged for repayment of these bonds.

The Series 2013 bonds bear interest at a fixed rate of 3.10% per annum, payable semi-annually on June 1 and December 1. Principal is due annually beginning June 1, 2014, in amounts increasing from \$454,000 to \$1,262,000 at final maturity in 2028. The Series 2013 bonds were refunded during the 2020 fiscal year.

##### **PORT IMPROVEMENT REVENUE BONDS, SERIES 2013A**

On November 15, 2013, the Series 2008 bonds were refinanced to the Series 2013A for \$26,613,000. All the Series 2013A bonds now bear interest at a fixed rate of 3.10% per annum, payable semi-annually on June 1 and December 1. Principal is due semi-annually beginning December 1, 2013, in amounts increasing from \$803,000 to \$2,231,000 at final maturity in 2028. The Series 2013A bonds were refunded during the 2020 fiscal year.

##### **PORT IMPROVEMENT REVENUE BONDS, SERIES 2014**

On June 13, 2014, the Authority issued Port Improvement Revenue Bonds, Series 2014 in the principal amount of \$105,000,000 to fund improvements to Cruise Terminal 1. Gross revenues are pledged for repayment of these bonds.

The Series 2014 bonds bear interest at a fixed rate of 3.39% per annum, payable semi-annually on June 1 and December 1. Principal is due semi-annually beginning December 1, 2014, in amounts from \$750,000 to \$5,335,000 at final maturity in 2034. The Series 2014 bonds were refunded during the 2020 fiscal year.

## **Canaveral Port Authority**

### **Notes to Financial Statements**

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#### **Note 3. Detail Notes (Continued)**

##### **F. Revenue Bonds Payable (Continued)**

###### **PORT REVENUE REFUNDING BONDS, SERIES 2015**

On March 3, 2015, the Authority issued Port Revenue Refunding Bonds, Series 2015 in the principal amount of \$11,080,000: (i) to currently refund all of the Authority's Port Revenue Refunding Bonds, Series 2005 and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds.

The Series 2015 bonds bear interest at a fixed rate of 2.08% per annum, payable semi-annually on June 1 and December 1. Principal is due annually beginning with a June 1, 2015 amount of \$420,000 and a final payment of \$1,870,000 in 2021.

The Series 2015 bonds are subject to redemption prior to their respective dates of maturity, at any time, at the option of the Authority, in whole or in part, at redemption price equal to 100% of the principal amount of the Series 2015 bonds to be redeemed, plus accrued interest to the redemption date.

###### **PORT REVENUE REFUNDING BONDS, SERIES 2016A**

On May 26, 2016, the Authority issued Port Revenue Refunding Bonds, Series 2016A in the principal amount of \$24,070,000: (i) to finance various cruise terminal improvements and other capital improvements and other capital investments previously financed using short-term funds, and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds.

The Series 2016A bonds bear interest at a fixed rate of 2.35% per annum, payable semiannually on June 1 and December 1. Principal is due annually beginning with a June 1, 2022 amount of \$2,100,000 and a final payment of \$2,695,000 in 2031.

###### **PORT REVENUE REFUNDING BONDS, SERIES 2016B**

On August 25, 2016, the Authority issued Port Revenue Refunding Bonds, Series 2016B in the principal amount of \$38,000,000: (1) to finance various cruise terminal improvements and other capital investments a portion of which may have been previously financed using short-term funds, and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds.

The Series 2016B bond bear interest at a fixed rate of 2.19% per annum, payable semiannually on June 1 and December 1. Principal is due annually beginning with a June 1, 2022 amount of \$1,775,000 and a final payment of \$5,040,000 in 2031.

The Series 2016B bonds are subject to redemption prior to their respective dates of maturity, at any time, at the option of the Authority, in whole or in part, at redemption price equal to 100% of the principal amount of the Series 2016B bonds to be redeemed, plus accrued interest to the redemption date.

###### **PORT IMPROVEMENT AND REVENUE REFUNDING BONDS, SERIES 2016C**

On November 15, 2016, the Authority issued Port Improvement and Revenue Refunding Bonds, Series 2016C in the principal amount of \$37,450,000: (i) to refund the Authority's \$16,915,000 Port Revenue Refunding Bonds, Series 2006A in which the outstanding amount was \$9,760,000 and was redeemed on December 20, 2016, (ii) to currently refund all of the Authority's Port Revenue Bonds Series 2006B in the amount of \$1,330,000, (iii) to finance various cruise terminal improvements and a centralized maintenance and processing warehouse, and (iv) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds.

## **Canaveral Port Authority**

### **Notes to Financial Statements**

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#### **Note 3. Detail Notes (Continued)**

##### **F. Revenue Bonds Payable (Continued)**

The Series 2016C bond bear interest at rates ranging from 3.00% to 5.00% per annum, payable semiannually on June 1 and December 1. Principal is due annually beginning with a June 1, 2017 amount of \$315,000 and a final payment of \$2,650,000 in 2046.

The Series 2016C bonds are subject to redemption prior to their respective dates of maturity, at any time, at the option of the Authority, in whole or in part, at redemption price equal to 100% of the principal amount of the Series 2016C bonds to be redeemed, plus accrued interest to the redemption date.

##### **PORT IMPROVEMENT REVENUE BONDS, SERIES 2016D**

On November 15, 2016, the Authority issued Port Improvement Revenue Bonds, Series 2016D in the principal amount of \$27,145,000: (i) to finance an auto processing facility and vehicle staging area with roadway improvements, and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds.

The Series 2016D bond bear interest at rates ranging from 4.494% to 4.654% per annum, payable semiannually on June 1 and December 1. Principal is due annually beginning with a June 1, 2032 amount of \$1,300,000 and a final payment of \$2,440,000 in 2046.

The Series 2016D bonds are subject to redemption prior to their respective dates of maturity, at any time, at the option of the Authority, in whole or in part, at redemption price equal to 100% of the principal amount of the Series 2016D bonds to be redeemed, plus accrued interest to the redemption date.

##### **PORT IMPROVEMENT REVENUE BONDS, SERIES 2018A**

On December 13, 2018, the Authority issued Port Improvement Revenue Bonds, Series 2018A in the principal amount of \$44,995,000: (i) to finance the construction of a cruise terminal (the 2018 Project – Cruise Terminal), and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds.

The Series 2018A bonds bear interest at a rate of 5% per annum, payable semiannually on June 1 and December 1. Principal is due annually beginning with a June 1, 2039 amount of \$5,965,000 and a final payment of \$4,440,000 in 2045.

The Series 2018A bonds are subject to redemption prior to their respective dates of maturity, at any time, on or after June 1, 2028, at the option of the Authority, in whole or in part, at redemption price equal to 100% of the principal amount of the Series 2018A bonds to be redeemed, plus accrued interest to the redemption date.

##### **PORT IMPROVEMENT REVENUE BONDS, SERIES 2018B**

On December 13, 2018, the Authority issued Port Improvement Revenue Bonds, Series 2018B in the principal amount of \$30,000,000: (i) to finance the construction of a parking garage (the 2018 Project – Parking Garage), (ii) to pay bond issuance costs

The Series 2018B bonds bear interest at a rate of 5% per annum, payable semiannually on June 1 and December 1. Principal is due annually beginning with a June 1, 2045 amount of \$3,550,000 and a final payment of \$9,250,000 in 2048.

## **Canaveral Port Authority**

### **Notes to Financial Statements**

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#### **Note 3. Detail Notes (Continued)**

##### **F. Revenue Bonds Payable (Continued)**

The Series 2018B bonds are subject to redemption prior to their respective dates of maturity, at any time, on or after June 1, 2028, at the option of the Authority, in whole or in part, at redemption price equal to 100% of the principal amount of the Series 2018B bonds to be redeemed, plus accrued interest to the redemption date.

##### **PORT IMPROVEMENT REVENUE BONDS, SERIES 2018C**

On December 21, 2018, the Authority issued Port Improvement Revenue Bonds, Series 2018C in the principal amount of \$37,000,000: (i) to finance the construction of a cruise terminal (the 2018 Project – Cruise Terminal), and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds.

The Series 2018C bonds bear interest at a rate of 3.41% per annum, payable semiannually on June 1 and December 1. Principal is due annually beginning with a June 1, 2020 amount of \$945,000 and a final payment of \$4,970,000 in 2038.

The Series 2018C bonds are subject to redemption prior to their respective dates of maturity, at any time, on or after December 1, 2028, at the option of the Authority, in whole or in part, at redemption price equal to 100% of the principal amount of the Series 2018C bonds to be redeemed, plus accrued interest to the redemption date.

##### **PORT REVENUE REFUNDING BONDS, SERIES 2019A**

On December 3, 2019, the Authority issued Port Revenue Refunding Bonds, Series 2019A in the principal amount of \$10,106,000: (i) to refund the Port Improvement Revenue Bonds Series 2013 in which the outstanding amount was \$10,084,000, and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds. The refunding reduces the Authority's aggregate debt service payments by \$665,801, resulting in a present value savings of \$574,787.

The Series 2019A bonds bear interest at a fixed rate of 1.76% per annum, payable semi-annually on June 1 and December 1. Principal is due semi-annually beginning with a June 1, 2020 amount of \$1,019,000 and a final payment of \$603,000 in 2028.

##### **PORT REVENUE REFUNDING BONDS, SERIES 2019B**

On December 3, 2019, the Authority issued Port Revenue Refunding Bonds, Series 2019B in the principal amount of \$32,404,000: (i) to refund the Port Improvement Revenue Bonds Series 2010 in which the outstanding amount was \$14,513,849, (ii) to refund the Port Improvement Revenue Bonds Series 2013A in which the outstanding amount was \$17,829,000, and (iii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds. The refunding reduces the System's aggregate debt service payments by \$1,665,351, resulting in a present value savings of \$1,416,788.

The Series 2019B bonds bear interest at a fixed rate of 1.73% per annum, payable semi-annually on June 1 and December 1. Principal is due semi-annually beginning with a June 1, 2020 amount of \$5,337,000 and a final payment of \$1,039,000 in 2028.



## **Canaveral Port Authority**

### **Notes to Financial Statements**

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#### **Note 3. Detail Notes (Continued)**

##### **F. Revenue Bonds Payable (Continued)**

###### **PORT REVENUE REFUNDING BONDS, SERIES 2019C**

On December 3, 2019, the Authority issued Port Revenue Refunding Bonds, Series 2019C in the principal amount of \$56,947,000: (i) to refund \$56,843,500 of the Port Improvement Revenue Bonds Series 2014, and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds. The refunding reduces the Authority's aggregate debt service payments by \$8,326,022 resulting in a present value savings of \$7,271,603.

The Series 2019C bonds bear interest at a fixed rate of 1.87% per annum, payable semi-annually on June 1 and December 1. Principal is due semi-annually beginning with a June 1, 2020 amount of \$1,082,000 and a final payment of \$3,066,000 in 2034.

The Series 2019C bonds are subject to redemption prior to their respective dates of maturity, at any time, on or after December 1, 2029, at the option of the Authority, in whole or in part, at redemption price equal to 100% of the principal amount of the Series 2019C bonds to be redeemed, plus accrued interest to the redemption date.

###### **PORT REVENUE REFUNDING BONDS, SERIES 2019D**

On December 3, 2019, the Authority issued Port Revenue Refunding Bonds, Series 2019D in the principal amount of \$35,047,000: (i) to refund \$34,980,707 of the Port Improvement Revenue Bonds Series 2014, and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds. The refunding reduces the Authority's aggregate debt service payments by \$5,038,911 resulting in a present value savings of \$4,400,523.

The Series 2019D bonds bear interest at a fixed rate of 1.89% per annum, payable semi-annually on June 1 and December 1. Principal is due semi-annually beginning with a June 1, 2020 amount of \$657,000 and a final payment of \$1,874,000 in 2034.

The Series 2019D bonds are subject to redemption prior to their respective dates of maturity, at any time, on or after December 1, 2029, at the option of the Authority, in whole or in part, at redemption price equal to 100% of the principal amount of the Series 2019D bonds to be redeemed, plus accrued interest to the redemption date.

###### **PORT IMPROVEMENT REVENUE BONDS, SERIES 2020A**

On March 11, 2020, the Authority issued Port Improvement Revenue Bonds, Series 2020A in the principal amount of \$36,000,000 to finance the construction of cruise terminal improvements. Gross revenues are pledged for repayment of these bonds.

The Series 2020A bonds bear interest at a fixed rate of 2.47% per annum, payable semi-annually on June 1 and December 1. Principal is due semi-annually beginning with a June 1, 2021 amount of \$725,000 and a final payment of \$1,155,000 in 2040.

The Series 2020A bonds are subject to redemption prior to their respective dates of maturity, at any time, on or after March 11, 2025, at the option of the Authority, in whole or in part, at redemption price equal to 100% of the principal amount of the Series 2020A bonds to be redeemed, plus accrued interest to the redemption date.

## Canaveral Port Authority

### Notes to Financial Statements

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#### Note 3. Detail Notes (Continued)

##### F. Revenue Bonds Payable (Continued)

##### FUTURE MATURITIES

Future maturities requirements for all outstanding revenue bonds payable, as of September 30, 2020, are as follows:

	Principal	Interest	Total
2021	\$ 15,156,000	\$ 12,255,052	\$ 27,411,052
2022	15,904,062	11,938,679	27,842,741
2023	16,545,000	11,589,791	28,134,791
2024	16,910,000	11,230,362	28,140,362
2025	17,296,000	10,846,121	28,142,121
2026 to 2030	94,113,000	48,223,326	142,336,326
2031 to 2035	78,192,000	37,876,338	116,068,338
2036 to 2040	55,775,000	28,521,393	84,296,393
2041 to 2045	58,770,000	16,320,618	75,090,618
2046 to 2048	31,540,000	2,907,557	34,447,557
Total	<u>\$ 400,201,062</u>	<u>\$ 191,709,237</u>	<u>\$ 591,910,299</u>

The total future principal and interest on all the bonds is \$591,910,299 and the current principal and interest is \$27,411,052. The current pledged revenue is \$67,104,170. The current principal and interest due are 41% of current pledged revenue. The bonds may be redeemed at the option of the Authority.

##### G. Line of Credit

##### PNC Bank

The Authority has an agreement with PNC Bank for a line of credit not to exceed \$50,000,000. This line of credit is used to provide bridge financing for capital projects. The taxable interest rate is the 30-day LIBOR plus .78% per annum. The tax-exempt rate is 79% of 30-day LIBOR plus .67% per annum. The maturity date is December 15, 2021. The line of credit balance on September 30, 2020 and 2019, was \$30,786,492.

##### Truist Bank

As of September 30, 2020, the Authority had an agreement with Truist Bank for a line of credit not to exceed \$25,000,000 with a maturity date of September 2, 2021. This line of credit was initially used to purchase the Titusville Logistics Center and can be used for capital projects and working capital purposes. The taxable interest rate on the debt is the greater of 1.85% or the 30-day LIBOR plus .85% per annum. This line of credit was increased to \$35,000,000 in November 2020 (see Subsequent Events note) with a maturity date of November 2, 2021. The line of credit balance on September 30, 2020 and 2019, was \$14,985,543.

## Canaveral Port Authority

### Notes to Financial Statements

#### Note 3. Detail Notes (Continued)

##### H. Changes in Long-Term Liabilities

Long-term liability activity for the years ended September 30, was as follows:

	Balance October 1, 2019	Additions	Reductions	Balance September 30, 2020	Due Within One Year
Revenue bonds payable	\$ 377,690,671	\$ 170,504,000	\$ (147,993,609)	\$ 400,201,062	\$ 15,156,000
Unamortized bond premiums	5,971,910	-	(242,982)	5,728,928	-
Line of credit	45,772,035	14,985,543	(14,985,543)	45,772,035	14,985,543
Compensated absences	987,586	1,084,755	(987,586)	1,084,755	15,419
Net OPEB liability	1,628,077	-	(100,117)	1,527,960	-
Other liabilities, long-term	1,213,739	-	(42,947)	1,170,792	50,000
Long-term liabilities	<u>\$ 433,264,018</u>	<u>\$ 186,574,298</u>	<u>\$ (164,352,784)</u>	<u>\$ 455,485,532</u>	<u>\$ 30,206,962</u>

	Balance October 1, 2018	Additions	Reductions	Balance September 30, 2019	Due Within One Year
Revenue bonds payable	\$ 277,748,566	\$ 111,995,000	\$ (12,052,895)	\$ 377,690,671	\$ 13,344,873
Unamortized bond premiums	-	6,160,896	(188,986)	5,971,910	-
Line of credit	15,985,543	45,772,035	(15,985,543)	45,772,035	14,985,543
Compensated absences	805,726	182,390	(530)	987,586	830
Net OPEB liability	1,576,387	51,690	-	1,628,077	-
Other liabilities, long-term	1,306,882	13,241	(106,384)	1,213,739	100,000
Long-term liabilities	<u>\$ 297,423,104</u>	<u>\$ 164,175,252</u>	<u>\$ (28,334,338)</u>	<u>\$ 433,264,018</u>	<u>\$ 28,431,246</u>

##### I. Restricted Net Position

The following schedule lists the amounts of net position that are restricted as of September 30, in accordance with the provisions of the respective bond indentures. These amounts represent restricted assets less certain current liabilities payable from restricted assets included in the various debt service, reserve, bond and interest sinking fund accounts.

	2020	2019
Bond Reserve		
Series 2016C	\$ 3,034,923	\$ 3,034,923
Series 2016D	2,199,813	2,199,813
Series 2018A	4,359,527	4,150,257
Series 2018B	2,767,145	2,767,145
Total debt service restrictions	<u>\$ 12,361,408</u>	<u>\$ 12,152,138</u>

##### J. Defined Contribution Plan

Effective January 1, 1996, the Authority adopted Resolution 96-12, pursuant to 95-338 Laws of Florida, whereby the Authority revoked its participation in the Florida Retirement System and established the Canaveral Port Authority Defined Contribution Plan and Trust (the Plan) for employees hired after January 1, 1996.

## Canaveral Port Authority

### Notes to Financial Statements

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#### Note 3. Detail Notes (Continued)

##### J. Defined Contribution Plan (Continued)

The Plan is administered by the Authority as a Qualified Retirement Plan as defined by Section 401 (a) of the Internal Revenue Code. Plan provisions and contribution requirements are established and may be amended by the Board. The Authority contributes 10.77% of the employees' eligible compensation to the Plan; employee contributions to the Plan are not permitted. The amount of covered payroll by the Plan for the years ended September 30, 2020 and 2019, was \$13,704,942 and \$13,259,711, respectively. The amount of retirement expense related to the Plan for the years ended September 30, 2020 and 2019, was \$1,476,022 and \$1,428,071, respectively.

##### K. Other Post-Employment Benefits

###### (a) Description of OPEB Plans

The Authority adopted the provisions of GASB Statement No. 75 *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions* as of October 1, 2017.

**Plan description.** The Authority administers a single-employer defined benefit healthcare plan (the Healthcare Plan) that provides health care benefits including medical coverage and prescription drug benefits to its employees and their eligible dependents. Pursuant to Section 112.0801 Florida Statutes, the Authority is required to provide eligible retirees (as defined in the Authority's ordinances) the opportunity to participate in this Healthcare Plan at the same cost that is applicable to active employees.

Employees who are active participants in the Healthcare Plan at the time of retirement and are either age 62 with completion of 6 years of service or have 30 years of service are eligible to receive benefits. Below is a summary of the Healthcare Plan's membership as of September 30, 2020 and 2019:

Plan Membership	September 30, 2020	September 30, 2019
Active	209	210
Inactive, receiving benefits	3	2
Total membership	212	212

Benefit provisions can only be amended by the Board. The Board approves the Authority's annual budget and, therefore, indirectly approves the annual costs associated with the Healthcare Plan. The Authority has not established a trust or agency fund for the Healthcare Plan. The Authority does not issue standalone financial statements for the Healthcare Plan. All financial information related to the Healthcare Plan is accounted for in the Authority's basic financial statements.

For the years ended September 30, 2020 and 2019, the amount of benefits paid by the Authority for the Healthcare Plan was \$51,263 and \$57,314, respectively.

## Canaveral Port Authority

### Notes to Financial Statements

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#### Note 3. Detail Notes (Continued)

##### K. Other Post-Employment Benefits (Continued)

##### (b) Measurement of Total OPEB Liability

The Authority's total OPEB liability for the Healthcare Plan was determined using the following measurement dates and actuarial assumptions as of September 30, 2020 and 2019:

	September 30, 2020	September 30, 2019
Measurement date	09/30/2019	09/30/2018
Actuarial valuation date	10/01/2018	10/01/2017
Health care cost trend rate	6.5% for 2020 graded down by 0.5% per year to 5.0 % in 2023	7.0% for 2019 graded down by 0.5% per year to 5.0 % in 2023
Discount rate	3.58%	3.64%
Mortality tables used	PUB-2010 Combined Mortality Table with full generational improvements in mortality using Scale MP-2017	PUB-2010 Combined Mortality Table with full generational improvements in mortality using Scale MP-2017

Multiple healthcare cost trend rate assumptions were used for different benefit components and participant groups (pre-65 and post-65 age groups). The current rates used to calculate the total OPEB liability as of September 30, 2020, are as follows:

Year	
2019 to 2020	6.5%
2020 to 2021	6.0%
2021 to 2022	5.5%
2022 to 2023+	5.0%

As of the measurement date, September 30, 2020, the Authority did not have any assets accumulated in a trust that was dedicated to providing benefits to Healthcare Plan members.

# Canaveral Port Authority

## Notes to Financial Statements

### Note 3. Detail Notes (Continued)

#### K. Other Post-Employment Benefits (Continued)

##### (c) Changes in Total OPEB Liability

Changes in the Healthcare Plan total OPEB liability for the fiscal years ended September 30, based on the measurement date, are as follows:

	2020	2019
Balance, beginning of year	\$ 1,628,077	\$ 1,576,387
Changes for the year:		
Service cost	178,370	201,759
Expected interest growth	63,761	63,691
Demographic experience	(30,559)	(311,536)
Assumption changes	(260,426)	155,090
Benefit payments	(51,263)	(57,314)
Net change	(100,117)	51,690
Balance, end of year	\$ 1,527,960	\$ 1,628,077

##### (d) OPEB Expense

For the years ended September 30, 2020 and 2019, the amount of OPEB expense recognized by the Authority was \$142,992 and \$191,650, respectively.

##### (e) OPEB Deferred Outflows and Inflows of Resources

Changes in the OPEB Deferred Outflows and Inflows of Resources for the fiscal years ended September 30, are as follows:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Demographic gain/loss	\$ -	\$ 283,066
Assumption changes	122,406	222,409
Total	\$ 122,406	\$ 505,475

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Amortization payments	\$ (16,342)	\$ (32,828)
Demographic gain/loss	-	311,536
Assumption changes	155,090	-
Total	\$ 138,748	\$ 278,708

## Canaveral Port Authority

### Notes to Financial Statements

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#### Note 3. Detail Notes (Continued)

##### K. Other Post-Employment Benefits (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

	Amount
2021	\$ (51,076)
2022	(51,076)
2023	(51,076)
2024	(51,076)
2025	(51,076)
Thereafter	(127,689)

(f) Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rate and Discount Rate

i) Health Care Cost Trend Sensitivity

The following presents the total OPEB liability for the Healthcare Plan, calculated using health care cost trend rates as of September 30, as well as what the total OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as of the Healthcare Plan's measurement date (in thousands):

	Total OPEB Liability			
	Rate	1% Decrease	Current Rate	1% Increase
As of September 30, 2020	6.50%	\$ 1,339,304	\$ 1,527,960	\$ 1,756,030
As of September 30, 2019	7.00%	\$ 1,426,652	\$ 1,628,077	\$ 1,871,685

ii) Discount Rate Sensitivity

The discount rate was based on the return on the S&P Municipal Bond 20-year High Index as of the measurement date.

	Total OPEB Liability			
	Rate	1% Decrease	Current Rate	1% Increase
As of September 30, 2020	3.58%	\$ 1,693,688	\$ 1,527,960	\$ 1,385,185
As of September 30, 2019	3.64%	\$ 1,806,131	\$ 1,628,077	\$ 1,474,828

## Canaveral Port Authority

### Notes to Financial Statements

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#### Note 3. Detail Notes (Continued)

##### L. Leasing and Operating Agreement Arrangements with Authority as Lessor

The Authority leases land and enters into marine terminal facilities agreements with various businesses throughout the Port Authority area. All of the leases and agreements are accounted for as operating leases and agreements. Revenue from leases and agreements was \$9,699,530 for 2020 and \$9,252,306 for 2019. Future minimum lease payments to be received are as follows:

2021	\$ 8,471,250
2022	6,814,151
2023	5,597,821
2024	4,865,043
2025	4,229,871
2026 to 2030	18,404,115
2031 to 2035	16,583,503
2036 to 2040	10,023,250
2041 to 2045	5,090,812
2046 to 2050	1,965,706
2051 to 2055	369,703
2056 to 2060	369,703
2061 to 2065	369,703
Total	<u>\$ 83,154,631</u>

##### M. Major Customers

Gross revenues from three cruise line companies totaled \$11,881,114, \$9,618,765 and \$7,109,510 in 2020, respectively. At September 30, 2020, the outstanding trade accounts receivable balances of these three cruise line companies amounted to \$0, \$0 and \$74,208, respectively.

Gross revenues from three cruise line companies totaled \$21,070,766, \$19,537,996 and \$12,852,768 in 2019, respectively. At September 30, 2019, the outstanding trade accounts receivable balances of these three cruise line companies amounted to \$3,454,042, \$881,857 and \$566,265, respectively.



## **Canaveral Port Authority**

### **Notes to Financial Statements**

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#### **Note 3. Detail Notes (Continued)**

##### **N. Risk Management**

The Authority purchases commercial insurance to cover risk of loss for general liability, property and casualty, comprehensive crime and flood and fire.

The Authority is exposed to various risks and losses related to alleged torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority manages the exposures to these risks through the purchase of commercial insurance.

In the past three years, there have been no claims that have exceeded the Authority's insurance coverage.

##### **O. Concentration – Collective Bargaining Unit**

Substantially all the Authority's non-management public safety, parking operations, enforcement, support, maintenance, supply and safety employees are covered by a collective bargaining agreement which is in effect through September 30, 2021.

##### **P. Capital Contributions**

For the years ended September 30, 2020 and 2019, the Authority recognized capital contributions of \$11,896,455 and \$15,239,301, respectively, composed primarily of federal and state grants used for various capital projects.

#### **Note 4. Commitments and Contingencies**

##### **A. Construction**

Commitments for the repair, modification, improvements, materials and new construction of Authority owned property at September 30, 2020 totaled \$22,658,693.

##### **B. Marine Terminal**

During 2018, the Authority entered into a marine terminal lease agreement with a commercial cruise line company. The agreement required a commitment from the cruise line company through August 31, 2043. The agreement required the Authority to construct a new cruise terminal, including building, landside and waterside improvements, gangway and parking garage. The cost of the new construction is \$155 million. The construction was completed in June 2020. The cruise line company has guaranteed a repayment of \$50 million (plus the debt service interest) of the cost for the cruise terminal building. This repayment is considered as revenue from the cruise line and will be recognized over the life of the agreement. The cruise line is also providing a minimum annual revenue guarantee to the Authority.

During 2019, the Authority entered into a marine terminal lease agreement with a commercial cruise line company. The agreement required a commitment from the cruise line company through May 31, 2039. The agreement required the Authority to construct improvements to existing cruise terminals, including building, landside and waterside improvements and a new gangway. The estimated cost of the new construction is approximately \$36 million. The construction is estimated to be completed in May 2021. The cruise line company has guaranteed a repayment of \$36 million (plus the debt service interest) of the cost for the improvements. This repayment is considered as revenue from the cruise line and will be recognized over the life of the agreement. The cruise line is also providing a minimum annual revenue guarantee to the Authority.

## **Canaveral Port Authority**

### **Notes to Financial Statements**

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#### **Note 4. Commitments and Contingencies (Continued)**

##### **B. Marine Terminal (Continued)**

Revenue from these cruise contracts will be reported in the statements of revenues, expenses and changes in net position under operating revenues.

##### **C. Litigation**

The Authority is named as a defendant in various other lawsuits. The outcome of the lawsuits is not determinable currently. It is the opinion of management and of the Authority's legal counsel that the resolution of these matters will not have a material adverse effect on the financial condition of the Authority.

##### **D. Grants Programs**

The Authority participates in Federal and state assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is general conditional upon compliance with the terms and conditions of the grant agreements and applicable federal and state regulations. Any disallowance resulting from a regulatory audit may become a liability to the Authority. Assessments from such audits, if any, are recorded when the amounts of such assessments become reasonably determinable.

#### **Note 5. Security Contract**

The Brevard County Sheriff's Department (BCSO) provides seaport security and law enforcement services on behalf of the Authority. The services are in compliance with the Standing Port Security Plan and encompasses duties and functions under the jurisdiction of and customarily rendered by the BCSO pursuant to Florida Statutes. The agreement between the Authority and the BCSO includes a provision that both parties will agree on contractual terms every 12 months. The BCSO is responsible for security at each cruise terminal, parking lots and garages, debarkation and embarkation processing, assistance to the U.S. Customs and Border Protection agency and concealed weapons enforcement. Also included in the agreement are marine services including waterside security sweeps, vessel escort and zone enforcement as well as special event staffing.

For fiscal year 2020, the Authority agreed to a contract amount of \$6,759,617 which was paid in 12 equal monthly installments beginning on October 1, 2019. For fiscal year 2019, the Authority agreed to a contract amount of \$6,187,296 which was paid in 12 equal monthly installments beginning on October 1, 2018.

#### **Note 6. Future Accounting Pronouncements**

The GASB has issued statements that will become effective in future years. The statements address:

- GASB Statement No. 87, *Leases* was issued in June 2017 and will be effective for the Authority in fiscal year 2022. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities that previously were classified as inflows of resources or outflows of resources based upon payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Statement also includes an exception for short-term leases, and exceptions for contracts that transfer ownership, leases of assets that are investments, and certain regulated leases. GASB Statement No. 87 is expected to have a significant impact on the Authority's financial statements.

## Canaveral Port Authority

### Notes to Financial Statements

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#### Note 6. Future Accounting Pronouncements (Continued)

- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued in June 2018 and will be effective for the Authority in fiscal year 2021. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Once implemented, the Authority will no longer capitalize interest incurred in the historical cost of its capital assets.
- GASB Statement No. 96, *Subscription –Based Information Technology Arrangements* was issued in May 2020, and will be effective for the Authority in fiscal year 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. Management is currently evaluating the impact of this standard to the Authority's financial statements.

#### Note 7. Subsequent Events

**Line of credit:** On November 2, 2020, the Authority amended the Line of Credit with Truist Bank to \$35,000,000 with a maturity date of November 2, 2021.

**COVID-19:** On January 30, 2020, the World Health Organization declared the coronavirus (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. The spread of COVID-19, a novel strain of coronavirus, has altered the behavior of business and people in a manner that is having negative effects on local, regional, and global economies.

Although the Centers for Diseases Control and Prevention has issues a conditional sail order and vaccination programs are underway, the extent to which COVID-19 impacts the future operations of the Authority remains uncertain and cannot be predicted with confidence.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Canaveral Port Authority**

**Schedule of Changes in Total OPEB Liability (Unaudited)  
Last Ten Fiscal Years\*  
(in thousands)**

<i>Years Ended September 30,</i>	2020	2019	2018
<b>The Authority's liability:</b>			
Service cost	\$ 178,370	\$ 201,759	\$ 248,419
Interest	63,761	63,691	51,675
Demographic experience	(30,559)	(311,536)	-
Assumption changes	(260,426)	155,090	-
Benefit payments	(51,263)	(57,314)	(35,371)
Net change in total OPEB liability	(100,117)	51,690	264,723
Total OPEB liability – beginning	1,628,077	1,576,387	1,311,664
Total OPEB liability – ending	<u>\$ 1,527,960</u>	<u>\$ 1,628,077</u>	<u>\$ 1,576,387</u>
Covered employee payroll	11,304,940	11,120,726	10,025,200
Total OPEB liability as a percentage of covered employee payroll	13.52%	14.64%	15.72%

\*Data reported for fiscal years above is based on the Authority's Healthcare Plan's measurement dates of September 30. Changes in the total OPEB liability for the fiscal years prior to 2018 were not available and accordingly, not included in the schedule.

## SUPPLEMENTARY INFORMATION

**Canaveral Port Authority**

**Schedule of Comparative Revenues, Expenses and Changes in Net Position – Unaudited**

<i>Years Ended September 30,</i>	2020	2019	2018	2017	2016
<b>Operating revenues</b>					
Dockage	\$ 9,072,939	\$ 8,695,601	\$ 8,992,071	\$ 7,837,207	\$ 7,106,444
Wharfage	32,608,638	60,375,728	57,003,115	54,157,885	50,601,459
Water	905,464	1,175,649	1,230,951	1,459,841	1,365,761
Parking	9,405,128	19,604,009	19,211,928	16,739,081	14,967,052
Line handling	1,067,417	1,254,120	1,407,933	1,160,118	1,048,527
Terminal/crane/RORO	668,407	81,800	29,950	15,750	-
Leases	9,699,530	9,252,306	8,414,872	6,914,194	5,588,459
Permits	78,857	78,753	70,294	64,709	63,236
Badging fees	17,221	27,855	23,727	36,859	48,777
Commercial vehicle	908,927	1,584,389	1,460,186	1,104,587	633,874
Miscellaneous	523,804	859,343	556,663	987,466	824,894
Camping	1,134,554	1,796,460	1,742,063	1,383,394	1,530,277
Recreational parking	539,215	789,638	749,406	698,411	762,217
Fire training	114,158	207,812	126,703	112,847	110,403
Other park revenues	139,649	269,129	251,291	180,565	322,005
Exploration Tower	216,039	448,204	426,439	417,248	494,102
Concessions	4,223	10,636	11,113	9,357	10,726
<b>Total operating revenues</b>	<b>67,104,170</b>	<b>106,511,432</b>	<b>101,708,705</b>	<b>93,279,519</b>	<b>85,478,213</b>
<b>Non-operating revenues</b>					
Investment earnings	1,600,821	3,412,808	809,438	445,598	164,880
Insurance proceeds	-	658,975	646,534	-	-
Grant revenue	460,826	567,455	765,757	288,411	156,592
Gain on sale/ disposal of assets	7,356	45,621	77,412	3,629,087	829,866
Gain on legal settlement	-	-	-	369,850	-
<b>Total revenues</b>	<b>\$ 69,173,173</b>	<b>\$ 111,196,291</b>	<b>\$ 104,007,846</b>	<b>\$ 98,012,465</b>	<b>\$ 86,629,551</b>
<b>Operating expenses</b>					
Operations:					
Salaries	\$ 2,885,231	\$ 3,317,835	\$ 3,084,720	\$ 2,865,888	\$ 2,089,601
Benefits	1,780,026	2,040,946	1,572,625	1,680,365	1,070,478
Service contracts	385,963	527,294	568,503	546,934	1,290,477
Utilities	41,030	31,247	41,827	59,580	39,865
Maintenance and supplies	132,669	151,718	184,458	182,216	132,168
Fender maintenance	-	-	-	18,630	-
Office	49,431	89,157	60,293	62,138	-
Fuel	10,503	12,490	39,646	88,016	-
Contractual obligations	1,652,670	3,003,307	856,783	1,394,194	1,548,017
Advertising	-	562	-	-	-
Travel	6,360	14,990	8,942	21,144	14,176
Education and seminars	77	38	822	1,750	-
Cruise terminal maintenance	-	-	24,786	-	323,251
Other	22,240	27,119	-	22,792	142,595
<b>Total operations</b>	<b>6,966,200</b>	<b>9,216,703</b>	<b>6,443,405</b>	<b>6,943,647</b>	<b>6,650,628</b>
Facilities:					
Salaries	2,872,865	2,874,142	2,533,548	2,459,606	2,318,349
Benefits	1,804,374	1,620,975	1,460,719	1,464,822	1,435,644
Service contracts	1,567,174	1,937,217	2,033,688	2,078,573	1,126,621
Utilities	2,838,991	3,532,838	4,018,158	3,659,201	3,219,918
Maintenance and support	823,972	649,137	1,134,509	808,414	702,277

**Canaveral Port Authority**

**Schedule of Comparative Revenues, Expenses and Changes in Net Position – Unaudited (Continued)**

<i>Years Ended September 30,</i>	2020	2019	2018	2017	2016
Office	18,394	23,193	26,218	26,291	-
Computer support and training	8,568	-	-	-	-
Fuel	82,238	110,439	118,147	86,804	70,643
Travel	1,403	3,899	4,458	1,574	792
Education and seminars	2,376	2,760	2,663	4,042	-
Other	7,998	18,219	18,645	14,417	31,922
<b>Total facilities</b>	<b>10,028,353</b>	<b>10,772,819</b>	<b>11,350,753</b>	<b>10,603,744</b>	<b>8,906,166</b>
Public Safety:					
Salaries	484,675	484,497	414,486	345,309	266,993
Benefits	153,722	163,230	139,437	112,597	97,716
Service contracts	712	4,746	1,304	2,220	-
Fire protection	2,432,225	2,291,582	2,277,483	2,199,799	2,156,817
Police services	7,000,101	6,692,578	6,275,308	5,965,973	5,306,799
Security badging	-	-	2,118	3,360	3,208
Maintenance and supplies	6,881	9,585	6,157	13,683	6,117
Office	3,927	18,752	16,852	15,738	-
Computer support and training	1,244	-	-	-	-
Communications services	3,444	10,267	4,818	6,216	1,194
Travel	8,523	20,233	14,023	4,533	1,654
Education and seminars	787	3,323	1,869	3,169	-
Other	6,567	2,006	1,706	3,495	26,713
<b>Total public safety</b>	<b>10,102,808</b>	<b>9,700,799</b>	<b>9,155,561</b>	<b>8,676,092</b>	<b>7,867,211</b>
Parks and recreation:					
Salaries	582,975	642,480	541,507	484,981	468,562
Benefits	387,978	395,850	360,602	370,389	331,203
Service contracts	226,011	235,520	205,540	229,434	198,808
Store merchandise	22,906	47,275	59,569	75,733	102,451
Utilities	164,362	206,286	280,660	243,584	272,422
Maintenance and supplies	12,832	19,502	17,456	14,510	16,510
Office	18,632	30,430	30,487	24,147	-
Travel	239	1,774	2,130	378	-
Education and seminars	279	1,743	1,158	1,211	-
Other park expense	6,988	6,096	14,259	12,614	85,970
<b>Total parks and recreation</b>	<b>1,423,202</b>	<b>1,586,956</b>	<b>1,513,368</b>	<b>1,456,981</b>	<b>1,475,926</b>
Exploration tower:					
Salaries	201,726	301,073	327,179	285,170	315,681
Benefits	121,286	144,175	183,946	192,561	216,665
Service contracts	10,755	22,154	19,348	23,808	11,976
Store merchandise	46,641	77,533	61,087	24,440	77,339
Utilities	11,681	14,369	24,231	46,817	79,781
Exhibit and special events	12,632	30,737	41,754	23,438	14,912
Maintenance and supplies	2,005	5,544	5,210	11,574	7,437
Office	3,637	6,621	5,924	5,582	1,882
Promotions	987	5,963	2,347	585	3,989
Advertising	19,526	23,452	18,273	16,124	56,523
Trade development	3,276	905	-	-	-
Travel	325	320	666	701	1,542
Education and seminars	-	408	353	288	-
Other expenses	138	1,215	1,477	658	1,270
<b>Total exploration tower</b>	<b>434,615</b>	<b>634,469</b>	<b>691,795</b>	<b>631,746</b>	<b>788,997</b>



**Canaveral Port Authority**

**Schedule of Comparative Revenues, Expenses and Changes in Net Position – Unaudited (Continued)**

<i>Years Ended September 30,</i>	2020	2019	2018	2017	2016
Fire training facility:					
Service contracts	170,625	180,024	98,024	90,326	79,729
Utilities	17,923	23,020	31,298	24,807	16,187
Insurance	35,727	42,244	38,329	42,468	40,941
Maintenance and supplies	10,809	53,264	34,482	32,564	43,107
Office	355	76	-	-	-
Accounting	-	475	-	-	-
<b>Total fire training facility</b>	<b>235,439</b>	<b>299,103</b>	<b>202,133</b>	<b>190,165</b>	<b>179,964</b>
Commission:					
Salaries	120,200	116,547	113,339	113,018	107,544
Benefits	106,443	104,833	101,992	102,631	96,801
Legal	43,178	59,795	55,429	55,847	92,310
Maintenance and supplies	10	14	-	-	-
Office	5,832	8,046	8,154	8,580	140,156
Promotions	4,750	2,980	4,000	26,900	1,000
Advertising	850	836	633	557	-
Travel	9,782	37,628	21,935	18,522	19,411
Education and seminars	1,723	995	-	1,252	995
<b>Total commission</b>	<b>292,768</b>	<b>331,674</b>	<b>305,482</b>	<b>327,307</b>	<b>458,217</b>
Executive:					
Salaries	1,139,195	1,063,625	795,659	865,868	* 1,063,817
Benefits	311,905	329,762	254,752	268,949	* 341,168
Legal	59,810	209,586	281,126	134,277	40,264
Maintenance and supplies	89	7	-	-	-
Office	205,299	201,812	196,492	195,092	* 198,439
Planning and studies	-	-	-	15,519	* 69,494
Fraud hotline	2,699	2,579	2,456	2,339	* 2,053
Sponsorship	-	-	-	20,000	-
Travel	8,377	18,669	9,855	10,783	* 21,024
Federal legislative consultant	-	-	-	8,000	* -
Education and seminars	4,802	3,068	1,520	1,267	10,839
Other expenses	9,000	-	-	-	-
<b>Total executive</b>	<b>1,741,176</b>	<b>1,829,108</b>	<b>1,541,860</b>	<b>1,522,094</b>	<b>1,747,098</b>
Finance and accounting:					
Salaries	1,114,472	999,710	920,613	856,557	775,917
Benefits	410,875	409,324	411,398	391,511	329,262
Service contracts	30,787	63,338	92,628	517	-
Maintenance and supplies	100	-	-	-	-
Office	44,715	70,906	141,999	82,922	60,012
Computer support and training	-	22,667	105,502	216,189	228,931
Advertising	1,923	4,979	3,960	7,444	-
Travel	1,486	5,513	8,614	4,490	6,202
Education and seminars	395	2,343	9,837	1,788	5,385
Accounting	100,841	137,835	130,539	93,377	150,660
<b>Total finance and accounting</b>	<b>1,705,594</b>	<b>1,716,615</b>	<b>1,825,090</b>	<b>1,654,795</b>	<b>1,556,369</b>
Administrative services:					
Salaries	2,211,261	1,894,792	1,492,086	1,287,872	1,085,961

\* These items have been reclassified to conform to the FY18 financial statement presentation.

**Canaveral Port Authority**

**Schedule of Comparative Revenues, Expenses and Changes in Net Position – Unaudited (Continued)**

<i>Years Ended September 30,</i>	2020	2019	2018	2017	2016
Benefits	901,759	783,879	652,305	596,528	511,038
Service contracts	62,173	73,002	79,701	63,517	-
Utilities	222	-	-	230	-
Legal	100,443	35,491	79,586	27,142	28,932
Insurance	3,112,167	2,259,514	2,355,214	2,535,975	2,013,410
Maintenance and supplies	4,334	545	-	-	-
Office	113,780	136,044	154,682	95,098	122,505
Personnel training and recruiting	83,092	189,375	165,457	156,098	123,733
Computer support and training	1,459,466	1,084,255	1,039,675	1,076,282	551,299
Advertising	457	2,009	1,031	1,871	-
Travel	6,901	16,230	11,992	7,603	5,133
Education and seminars	22,450	25,577	14,212	5,566	3,710
<b>Total administrative services</b>	<b>8,078,505</b>	<b>6,500,713</b>	<b>6,045,941</b>	<b>5,853,782</b>	<b>4,445,721</b>
Engineering and environmental:					
Salaries	1,144,243	1,083,798	946,397	849,096	822,085
Benefits	455,823	439,692	407,134	391,406	366,458
Service contracts	113,214	43,118	-	-	-
Maintenance and supplies	86,335	-	-	-	-
Office	6,260	20,387	27,893	28,093	25,248
Advertising	1,796	-	3,176	1,392	-
Travel	1,409	17,073	19,897	12,151	12,078
Education and seminars	95	7,511	6,213	5,659	12,631
Engineering – general	285,163	493,619	976,411	4,028,254	425,090
Engineering – environment	265,097	450,676	351,907	316,809	272,143
<b>Total engineering and environmental</b>	<b>2,359,435</b>	<b>2,555,874</b>	<b>2,739,028</b>	<b>5,632,860</b>	<b>1,935,733</b>
Business development:					
Salaries	816,761	693,611	669,985	452,974	519,532
Benefits	313,127	274,486	267,194	158,523	181,574
Service contracts	-	-	7,669	-	-
Maintenance and supplies	22,420	7	-	-	-
Office	54,063	59,399	61,860	61,790	-
Promotions	242	490	316	810	-
Advertising	139,470	271,369	281,036	254,914	250,424
Trade development	140,601	309,476	223,300	186,819	482,037
Travel	38,262	104,719	94,216	58,070	86,233
Education and seminars	29	177	299	613	-
<b>Total business development</b>	<b>1,524,975</b>	<b>1,713,734</b>	<b>1,605,875</b>	<b>1,174,513</b>	<b>1,519,800</b>
Tenant development:					
Salaries	172,584	271,865	233,983	213,416	207,126
Benefits	69,223	81,533	68,790	71,558	71,409
Service contracts	1,820	266	-	-	-
Maintenance and supplies	2,284	-	-	-	-
Legal	475	-	-	-	-
Office	1,112	41,986	5,500	11,329	11,295
Land use planning	12,000	5,700	35,433	66,030	201,668
Lease preparation	250,805	396,035	543,449	255,452	585,441
Promotions	23	299	420	162	-
Advertising	-	-	3,500	12,018	30,431
Travel	46	33	820	76	4,190
Education and seminars	-	290	1,090	205	-
<b>Total tenant development</b>	<b>510,372</b>	<b>798,007</b>	<b>892,985</b>	<b>630,246</b>	<b>1,111,560</b>

**Canaveral Port Authority**

**Schedule of Comparative Revenues, Expenses and Changes in Net Position – Unaudited (Continued)**

<i>Years Ended September 30,</i>	2020	2019	2018	2017	2016
Government and strategic communications:					
Salaries	604,819	518,503	493,321	404,419	* 231,186
Benefits	193,581	160,704	142,657	140,223	* 108,206
Maintenance and supplies	138	-	-	-	-
Office	8,836	11,656	9,662	8,808	* 6,739
Computer support and training	1,663	-	-	-	-
Planning and studies	5,300	83,500	-	52,830	* -
Promotions	29,157	61,116	34,827	72,075	87,699
Publications	3,469	4,169	6,153	79,513	147,100
Electronic media	38,050	9,789	27,041	57,660	59,409
Advertising	25,276	46,393	65,600	38,828	48,093
Sponsorship	54,950	64,390	79,530	40,150	-
Travel	8,209	13,931	17,243	27,088	* 7,294
Professional services	206,300	202,400	138,199	189,000	* 159,750
Education and seminars	1,382	2,944	3,872	7,509	* -
<b>Total government and strategic communications</b>	<b>1,181,130</b>	<b>1,179,495</b>	<b>1,018,105</b>	<b>1,118,103</b>	<b>855,476</b>
Depreciation	38,956,733	38,554,203	43,139,638	38,515,405	34,555,085
Amortization	577,821	531,532	481,862	365,005	1,274,811
<b>Total operating expenses</b>	<b>86,119,126</b>	<b>87,921,804</b>	<b>88,952,881</b>	<b>85,296,485</b>	<b>75,328,762</b>
<b>Non-operating expenses</b>					
Amortization of bond discounts	175,129	175,129	175,129	175,129	226,421
Commissions and fees	424,935	827,550	104,312	923,113	* 295,368
Interest expense	9,757,523	13,046,982	9,352,013	8,725,519	6,976,059
Loss on disposal of capital assets	505,000	5,026	931,634	78,981	626,509
State grant expense	-	-	-	-	40,000
Litigation expense	76,638	117,489	-	-	-
Covid expense	45,403	-	-	-	-
Hurricane repairs	20,279	77,712	533,770	-	-
<b>Total non-operating expense</b>	<b>11,004,907</b>	<b>14,249,888</b>	<b>11,096,858</b>	<b>9,902,742</b>	<b>8,164,357</b>
<b>Total expenses</b>	<b>\$ 97,124,033</b>	<b>\$ 102,171,692</b>	<b>\$ 100,049,739</b>	<b>\$ 95,199,227</b>	<b>\$ 83,493,119</b>
Total operating revenues	\$ 67,104,170	\$ 106,511,432	\$ 101,708,705	\$ 93,279,519	\$ 85,478,213
Total operating expenses	86,119,126	87,921,804	88,952,881	85,296,485	75,328,762
<b>Net operating (loss) income</b>	<b>\$ (19,014,956)</b>	<b>\$ 18,589,628</b>	<b>\$ 12,755,824</b>	<b>\$ 7,983,034</b>	<b>\$ 10,149,451</b>
Total non-operating revenues	\$ 2,069,003	\$ 4,684,859	\$ 2,299,141	\$ 4,732,946	\$ 1,151,338
Total non-operating expenses	11,004,907	14,249,888	11,096,858	9,902,742	8,164,357
<b>Net non-operating loss</b>	<b>\$ (8,935,904)</b>	<b>\$ (9,565,029)</b>	<b>\$ (8,797,717)</b>	<b>\$ (5,169,796)</b>	<b>\$ (7,013,019)</b>
Total revenues	\$ 69,173,173	\$ 111,196,291	\$ 104,007,846	\$ 98,012,465	\$ 86,629,551
Total expenses	97,124,033	102,171,692	100,049,739	95,199,227	83,493,119
<b>Net (loss) income before capital contributions</b>	<b>(27,950,860)</b>	<b>9,024,599</b>	<b>3,958,107</b>	<b>2,813,238</b>	<b>3,136,432</b>
Capital contributions	11,896,455	15,239,301	9,834,725	4,854,580	6,634,056
<b>Changes in net position</b>	<b>\$ (16,054,405)</b>	<b>\$ 24,263,900</b>	<b>\$ 13,792,832</b>	<b>\$ 7,667,818</b>	<b>\$ 9,770,488</b>

\* These items have been reclassified to conform to the FY18 financial statement presentation.

**Canaveral Port Authority**

**Schedule of Comparative Operating Revenues by Activity (Unaudited)**

<i>Years Ended September 30,</i>	2020	2019	2018	2017	2016
Cruise ships	\$ 44,097,826	\$ 81,914,307	\$ 77,734,133	\$ 72,799,989	\$ 68,214,524
Cargo ships	9,629,868	9,272,598	10,141,812	8,569,893	6,870,898
<b>Total ship related operating revenue</b>	<b>53,727,694</b>	<b>91,186,905</b>	<b>87,875,945</b>	<b>81,369,882</b>	<b>75,085,422</b>
Land leases	9,699,530	9,252,306	8,414,872	6,914,194	5,588,459
Recreation	2,032,900	3,311,850	3,178,419	2,686,091	* 2,625,225
Miscellaneous	1,644,046	2,760,371	2,239,469	2,309,352	* 2,179,107
<b>Total non-ship related operating revenue</b>	<b>13,376,476</b>	<b>15,324,527</b>	<b>13,832,760</b>	<b>11,909,637</b>	<b>10,392,791</b>
<b>Total operating revenue</b>	<b>\$ 67,104,170</b>	<b>\$ 106,511,432</b>	<b>\$ 101,708,705</b>	<b>\$ 93,279,519</b>	<b>\$ 85,478,213</b>

\* These items have been reclassified to conform to the FY18 financial statement presentation.

# Canaveral Port Authority

## Schedule of Construction in Progress and Capital Costs Compared with Budget (Unaudited) (Prior to Transfer of Completed Projects to Capital Assets)

Year Ended September 30, 2020	Actual			Budget
	Prior Years	Current Year	Cumulative Total	Cumulative Total
Road Improvements	\$ 6,732,938	\$ 723,596	\$ 7,456,534	\$ 8,223,681
Portwide Parking Lot Improvement	17,905	-	17,905	17,905
Security Fencing/Lighting	-	1,234	1,234	65,000
Maintenance Dredging	-	3,561	3,561	3,561
Other Computer Equipment	141,277	1,181,257	1,322,534	1,585,084
Park Upgrades	1,119,326	390,232	1,509,558	1,616,356
Improve Piers, Bldgs, Structures	38,430	516,797	555,227	621,837
Fire Equipment	-	66,672	66,672	92,500
Fire Training Equipment	-	1,497	1,497	25,000
Utilities and Improvements	154,115	85,198	239,313	275,073
Minor Equipment	-	28,177	28,177	38,918
New/Replacement Vehicles	-	579,583	579,583	626,565
Welcome Center	142,640	-	142,640	157,663
CT Furniture/Equipment	-	37,486	37,486	50,000
North Cargo Berth 8	956,224	9,430,620	10,386,844	10,413,396
Financial System Upgrade	73,493	70,738	144,231	185,388
Cove Roads Phase 2	1,797,670	-	1,797,670	1,821,675
Equipment	-	243,284	243,284	350,030
CT5 Terminal Upgrades	-	191,859	191,859	379,883
CT10 Terminal Improvements	-	35,690	35,690	166,237
Maritime Ctr Tenant Improvemnt	174,248	184,636	358,884	492,862
CT# 8 Renovations	986,800	21,281,810	22,268,610	24,582,448
WTB Channel Entrance Phase 2	2,394,396	25,160	2,419,556	2,419,556
PSGP FY2017 Projects	26,155	237,469	263,624	329,077
Public Safety Projects	255,883	554,715	810,598	850,269
PSGP 2019 Projects	78,671	2,835,421	2,914,092	4,928,670
North Cargo Berth 4	881,792	-	881,792	881,792
North Cargo Berth 3	302,769	101,886	404,655	427,827
Auto Terminal	95,390	-	95,390	156,210
Cruise Terminal 3	88,493,389	67,306,542	155,799,931	156,881,055
NCP 3-A Barge Berth	66,237	-	66,237	68,703
North Cargo Power Project	49,796	-	49,796	113,680
Portwide Wayfinding	7,381,086	373,778	7,754,864	8,068,336
CT Pax Bridge Renovation	51,850	163,565	215,415	403,666
Security Items	-	451,748	451,748	501,718
Mobile Harbor Crane FY2020	7,755	13,412	21,167	21,167
LNG Fire Trainer Expansion	70,790	15,870	86,660	86,661
CBP Tech Upgrades	-	5,447	5,447	5,447
	<u>\$ 112,491,025</u>	<u>\$ 107,138,940</u>	<u>\$ 219,629,965</u>	<u>\$ 227,934,896</u>

**Canaveral Port Authority**

**Schedule of Expenditures of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended September 30, 2020**

Federal Agency/Program Title/Pass-through Entity	CFDA Number	Contract/Pass Through Entity Identifying Number	Expenditures
<b>Federal Programs:</b>			
<u>U.S. Department of Homeland Security</u>			
Direct Programs			
Port Security Grant Program			
FY 2019 Port Security Grant Program	97.056	EMW-2019-PU-00340-S01	\$ 995,496
FY 2018 Port Security Grant Program	97.056	EMW-2018-PU-00411-S01	360,151
FY 2017 Port Security Grant Program	97.056	EMW-2017-PU-00534-S01	485,152
Total Port Security Grant Program			1,840,799
<u>U.S. Department of Homeland Security/Passthrough from the State of Florida Division of Emergency Management</u>			
Public Assistance – Hurricane Dorian	97.036	PA-00-06-15-09-044/Z1585	31,185
Total expenditures of federal awards			<b>\$ 1,871,984</b>
			(continued)

**Canaveral Port Authority**

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)  
For the Fiscal Year Ended September 30, 2020**

State Agency/Program Title/Pass-through Entity	CSFA Number	Contract/Pass Through Entity Identifying Number	Expenditures
<b>State Projects:</b>			
<u>Florida Department of Transportation</u>			
Direct Programs			
Seaport Grants			
Cruise Terminal Southside – Cruise Terminal 3 Construction			
Concrete Work	55.005	G1620/444448-1-94-01	\$ 1,292,596
Cruise Terminal Southside – Cruise Terminal 3 Construction HVAC	55.005	G1C07/444448-2-94-01	2,809,263
North Cargo Berth Improvements – North Cargo Berth 8 Uplands and Pier Extension	55.005	G1B85/440323-1-94-02	4,666,916
Port Canaveral's George King Boulevard Signals Coordination Project	55.005	G1562/442081-1-94-01	35,714
Cruise Terminal Security Bollard Installation	55.005	G1176/412652-2-94-02	205,835
Total Florida Department of Transportation			9,010,324
<u>Florida Department of Environmental Protection</u>			
Direct Programs			
Canaveral Inlet Management Plan	37.003	15BE2	41,119
<u>Florida Department of Financial Services</u>			
Direct Program			
Local Government Fire Equipment Grant			
Enhanced Fireboat	43.010	FM513	1,500,000
Total expenditures of state financial assistance			<u>\$ 10,551,443</u>
Total expenditures of federal awards and state financial assistance			<u><u>\$ 12,423,427</u></u>

See notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

## Canaveral Port Authority

### Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

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#### **(1) Basis of Presentation**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance (the Schedules) present the activity of all federal awards and state financial assistance of the Canaveral Port Authority (Authority) for the year ended September 30, 2020. The information in the Schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550 Rules of the Florida Auditor General. Because the Schedules present only a selected portion of the operations of the Authority, they are not intended to and do not present the financial position, changes in net positions, or cash flows of the Authority. The Authority's reporting entity is defined in Note 1 to the Authority basic financial statements.

#### **(2) Summary of Significant Accounting Policies**

The Schedules are presented using the accrual basis of accounting for expenses, which are described in Note 1 to the Authority's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **(3) Indirect Cost Recovery**

The Authority did not recover its indirect costs using the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.



**ADDITIONAL ELEMENTS REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS*, THE UNIFORM  
GUIDENCE AND THE RULES OF THE AUDITOR GENERAL**

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**Report on Internal Control over Financial  
Reporting and on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance With  
Governmental Auditing Standards**

**Independent Auditor's Report**

To the Members of the Board of Commissioners  
Canaveral Port Authority  
Cape Canaveral, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Canaveral Port Authority (the Authority), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 22, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for determining audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RSM US LLP*

Melbourne, Florida  
February 22, 2021

**Report on Compliance for the Major Federal Program and Each  
Major State Project; and Report on Internal Control Over Compliance;  
Required by the Uniform Guidance and Chapter 10.550,  
Rules of the Florida Auditor General**

**Independent Auditor's Report**

To the Members of the Board of Commissioners  
Canaveral Port Authority  
Cape Canaveral, Florida

**Report on Compliance for the Major Federal Program and Each Major State Project**

We have audited the Canaveral Port Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on the Authority's major federal program and each major state project for the year ended September 30, 2020. The Authority's major federal program and major state projects are identified in the summary of auditor's results sections of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal and state statutes, regulations and the terms and conditions of its federal awards and state financial assistance applicable to its federal programs and state projects.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Authority's major federal program and major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements of Chapter 10.550, *Rules of the Florida Auditor General (Chapter 10.550)*. Those standards, the Uniform Guidance and Chapter 10.550 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or major state project occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program and major state projects. However, our audit does not provide a legal determination of the Authority's compliance.

### **Opinion on the Major Federal Program and Each Major State Project**

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and major state projects for the year ended September 30, 2020.

### **Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program and major state projects to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and state projects and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.

*RSM US LLP*

Melbourne, Florida  
February 22, 2021

Canaveral Port Authority, Florida

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2020

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I – Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ Yes            X       No

Significant deficiency(ies) identified?

\_\_\_\_\_ Yes            X       None Reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes            X       No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ Yes            X       No

Significant deficiency(ies) identified?

\_\_\_\_\_ Yes            X       None Reported

Type of auditor's report issued on compliance for  
major programs:

Unmodified

Any audit findings that are required to be  
reported in accordance with Section 2 CFR  
200.516(a)?

\_\_\_\_\_ Yes            X       No

Identification of major program:

CFDA Number(s)

97.056

Name of Federal Program

Port Security Grant Program

Dollar threshold used to distinguish between type  
A and type B projects:

\$750,000

Auditee qualified as a low risk auditee?

\_\_\_\_\_ Yes            X       No

Canaveral Port Authority, Florida

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended September 30, 2020

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I – Summary of Independent Auditor's Results (Continued)

State Financial Assistance

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u>          </u> Yes	<u>      X      </u> No
Significant deficiency(ies) identified?	<u>          </u> Yes	<u>      X      </u> None Reported
Noncompliance material to the financial statements noted?	<u>          </u> Yes	<u>      X      </u> No

Internal control over major state projects:

Material weakness(es) identified?	<u>          </u> Yes	<u>      X      </u> No
Significant deficiency(ies) identified?	<u>          </u> Yes	<u>      X      </u> None Reported

Type of auditor's report issued on compliance for  
major projects:

Any audit findings disclosed that are required to be reported in accordance with state projects pursuant to Chapter 10.550, Rules of the Auditor General	<u>          </u> Yes	<u>      X      </u> No
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Identification of major projects:

<u>CSFA Number(s)</u>	<u>Name of State Project</u>
55.005	Seaport Grants
43.010	Local Government Fire Equipment Grant

Dollar threshold used to distinguish between type  
A and type B projects:

\$750,000



**Canaveral Port Authority, Florida**

**Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended September 30, 2020**

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**II – Financial Statement Findings**

**A. Internal Control Over Financial Reporting**

No Matters to Report.

**B. Compliance and Other Matters**

No Matters to Report.

**III – Federal Awards Findings and Questioned Costs**

**A. Internal Control Over Compliance**

No Matters to Report.

**B. Compliance**

No Matters to Report.

**IV – State Financial Assistance Findings and Questioned Costs**

**A. Internal Control Over Compliance**

No Matters to Report.

**B. Compliance**

No Matters to Report.

**Canaveral Port Authority, Florida**

**Summary Schedule of Prior Audit Findings  
For the Year Ended September 30, 2020**

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None Reported.

**Management Letter Required By  
Chapter 10.550 of the Rules of the  
Auditor General of the State of Florida**

To the Members of the Board of Commissioners  
Canaveral Port Authority

**Report on the Financial Statements**

We have audited the financial statements of the Canaveral Port Authority (the Authority) as of and for the year ended September 30, 2020, and issued our report thereon dated February 22, 2021.

**Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements of Chapter 10.550, Rules of the Auditor General.

**Other Reports and Schedule**

We have issued our Independent Auditor's Report on Internal Control over Financing Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for the Major Federal Program and Each Major State Project and Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 22, 2021, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1, Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding audit report.

**Official Title and Legal Authority**

Section 10.554(1)(i)4, Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The specific legal authority that established the Authority is disclosed in Note 1 of the financial statements.

**Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by management and the review of the financial information provided by the same.

Section 10.554(1)(i)2, Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

**Additional Matters**

Section 10.554(1)(i)3, Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

**Purpose of This Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*RSM VS LLP*

Melbourne, Florida  
February 22, 2021

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**Independent Accountants's Report**

To the Members of the Board of Commissioners  
Canaveral Port Authority

We have examined the Canaveral Port Authority's, (the Authority) compliance with *Section 218.415, Florida Statutes, Local Government Investment Policies* during the year ended September 30, 2020. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance with the specified requirement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the specified requirements for the year ended September 30, 2020.

This report is intended solely for the information and use of the Florida Auditor General, the Authority Board of Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Melbourne, Florida  
February 22, 2021

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Canaveral Port Authority

Appendix A – Schedule of Seaport Bond Program Projects (Unaudited)  
For the Year Ended September 30, 2020

FLORIDA PORTS FINANCING COMMISSION

Project Description / Match	Project Number/ Bond Fund	Total Authorized Project Costs	Current Year Expenditures	Cumulative Expenditures	Expenditures to Total Authorized Project Costs
Cruise Terminal 8 (50/50)	97-2RP / 320.20(3)	\$ 11,000,000	\$ -	\$ 11,000,000	100%
Canaveral Cove (50/50)	96-2P / 320.20(3)	1,044,000	-	1,044,000	100%
Channel Widening & Deepening (50/50)	97-3RP / 320.20(3)	800,000	-	800,000	100%
Roro Ramp and Container Yard (50/50)	97-7 / 320.20(3)	3,316,229	-	3,316,229	100%
Parking Cruise Terminal 2&3 (50/50)	97-5 / 320.20(3)	235,885	-	235,885	100%
Wastewater (50/50)	97-1P / 320.20(3)	980,329	-	980,329	100%
Fire Training Facility (50/50)	97-10 / 320.20(3)	994,640	-	994,640	100%
Fire Station (50/50)	97-8 / 320.20(3)	595,000	-	595,000	100%
Cruise Terminal 6 & 7 (50/50)	98-1 / 320.20(3)	258,633	-	258,633	100%
South Cargo Pier 4 Extension (50/50)	99-1 / 320.20(3)	2,534,702	-	2,534,702	100%
Additions and Modifications to Cruise Terminals No. 5 & 10 (50/50)	2000-1 / 320.20(3)	1,918,599	-	1,918,599	100%
Landside and Waterside (50/50)					
Modifications to CT5 (Megaship) (50/50)	01-P-2E / 320.20(3)	1,213,658	-	1,213,658	100%
Various Bulkheads (50/50)	2000-3 / 320.20(3)	675,000	-	675,000	100%
<b>Total of 320.20(3) Fund</b>		<b>25,566,675</b>	<b>-</b>	<b>25,566,675</b>	<b>100%</b>
George King Interchange (75/25)	00-4P / 320.20(4)	11,979,302	-	11,979,302	100%
South Intermodal Gate (50/50)	97-9 / 320.20(4)	146,000	-	146,000	100%
Widener Widening (75/25)	00-5 / 320.20(4)	334,284	-	334,284	100%
WTB SR 401 Overpass (75/25)	00-7P / 320.20(4)	3,693,000	-	3,693,000	100%
WTB SR 401 Intermodal Gate (50/50)	00-7P / 320.20(4)	5,180,000	-	5,180,000	100%
Security Access Control (90/10)	PS1-03 / 320.20(4)	327,236	-	327,236	100%
<b>Total 320.20(4) Fund</b>		<b>21,659,822</b>	<b>-</b>	<b>21,659,822</b>	<b>100%</b>
WTB Channel Widening and Deepening (75/25)	AR956 / 339.0801(1)	19,164,063	-	19,164,063	100%
NCB 5&6 Container & Multipurpose Berths – Crane Rail System (50/50)	ARB24 / 339.0801(1)	1,550,000	-	1,550,000	100%
<b>Total 339.0801(1) Fund</b>		<b>20,714,063</b>	<b>-</b>	<b>20,714,063</b>	<b>100%</b>
<b>Grand Total</b>		<b>\$ 67,940,560</b>	<b>\$ -</b>	<b>\$ 67,940,560</b>	<b>98%</b>

**Note:** The previous Bond Funds 320.20(3) and 320.20(4) were on the cash basis of accounting. The new Bond Fund 339.0801(1) is on the accrual basis of accounting.



## Canaveral Port Authority

### Appendix B – Schedule of Insurance in Force (Unaudited) For the Year Ended September 30, 2020

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#### Property Coverage

Total insured values	\$ 856,278,665
Limit on buildings, contents, EDP, flood, equipment, terrorism and boats	\$ 200,000,000

#### Port Liability

Comprehensive per occurrence/bodily injury and property damage	\$ 25,000,000
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#### Automobile Liability and Physical Damage

Bodily Injury and Property Damage	\$ 1,000,000
Auto Medical Payments, any one accident or loss	\$ 5,000
Personal Injury Protection	Statutory
Hired Auto Liability	\$ 1,000,000

#### Excess Port Liability

Per occurrence/aggregate	\$ 75,000,000
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#### Public Officials Liability, Claims Made Policy, includes D&O and EPLI

Each claim and aggregate, including claims expense	\$ 3,000,000
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#### Comprehensive Crime insurance

Employee Theft, per loss/aggregate	\$ 1,000,000
Forgery or alteration	\$ 1,000,000
Computer fraud	\$ 1,000,000

#### Florida Storage Tank

Each incident/Aggregate	\$ 2,000,000
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#### Fiduciary Liability, Claims Made Policy

Aggregate	\$ 1,000,000
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#### Privacy & Network Protection Policy

Privacy Liability, Network Security per occurrence/aggregate	\$ 5,000,000
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#### Kidnap & Ransom

Kidnap, Ransom & Extortion – Each insured event/aggregate	\$ 1,000,000
Threat – each insured event	\$ 75,000
Death & Dismemberment – each insured person	\$ 250,000
Death & Dismemberment – each insured event/aggregate	\$ 1,250,000

#### Workers' Compensation, Employers Liability

Bodily injury by accident/each accident	\$ 1,000,000
Bodily injury by disease/each employee	\$ 1,000,000
Bodily injury by disease/aggregate	\$ 1,000,000

#### Aviation – Drones

Single Limit Liability	\$ 1,000,000
Medical Expense	\$ 5,000

#### TULIP (Tenant User Liability)

Occurrence/Aggregate	\$ 1,000,000
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